

BUSINESS WEEK

YEAR
AGO



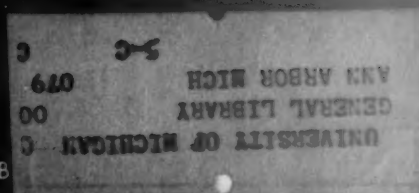
WEEK
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START
OF
WAR
1939



William Benton. For a worldwide public relations job, the State Dept. picks an advertising man and educator.



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"IT IS LATER THAN YOU THINK"

We have won the war—are we about to lose it?

A MILLION Americans suffered wounds and death to keep America free. *That* is what we may be about to lose.

A few bureaucrats, a few business men, a few labor "leaders" are so greedy that they fight the cooperation that is an essential in a free country, and they mislead anyone who will listen. with "promises" they know they cannot fulfill.

The one thing that made this country great—the one thing that gave it the highest standard of living in the world—is individual opportunity, the opportunity for everyone to rise as fast and as far as his ability and productiveness could take him.

Yet today these so-called leaders are misleading millions of Americans into thinking that "security" is better than opportunity, and this in spite of the fact that in all history, no leader, no system, no "ism" has ever been able to deliver the security it promised except one—the American system of individual

opportunity earned by the individual American himself.

The more you, as an individual, produce efficiently, the less will be the cost of what you make, as the greater your worth. The lower the cost of your product, the more people there are who will buy it. The more who buy it, the more secure your job.

There, shorn of all the fancy words and glib talk, is what you need to remember about security: wages and jobs. *You* make your job secure; *you* determine your own future.

But there are many honest Americans being misled by the same false promises that lulled and enslaved most of Europe. "Security" has a sound, but it means enslavement. Opportunity is not easy, but it is *American*.

Those who want to keep Americanism alive had better say so and fight for it now. We are farther down the road to decadent European "isms" than you may think.



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Announcing

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miles to your tires*

NOW you can get better truck tires—tires made with a new kind of synthetic rubber—the first major improvement announced by any tire manufacturer since before the war.

These tires are made from a special synthetic rubber using rosin and soap as emulsifying agent.

Discovery of this superior rubber was made in the research laboratories of The B. F. Goodrich Company, and early development was undertaken by this company and others working on the cooperative government synthetic rubber research program. The full scale production of this new rub-

ber and its application for tire use were pioneered by B. F. Goodrich. First tests were so startling that hundreds of tires were quickly built. Now tires made with the new rubber have undergone more than 3,000,000 miles of intensive testing under all road and climatic conditions.

Here's what these tests show as superiorities compared to tires made with ordinary synthetic rubber:

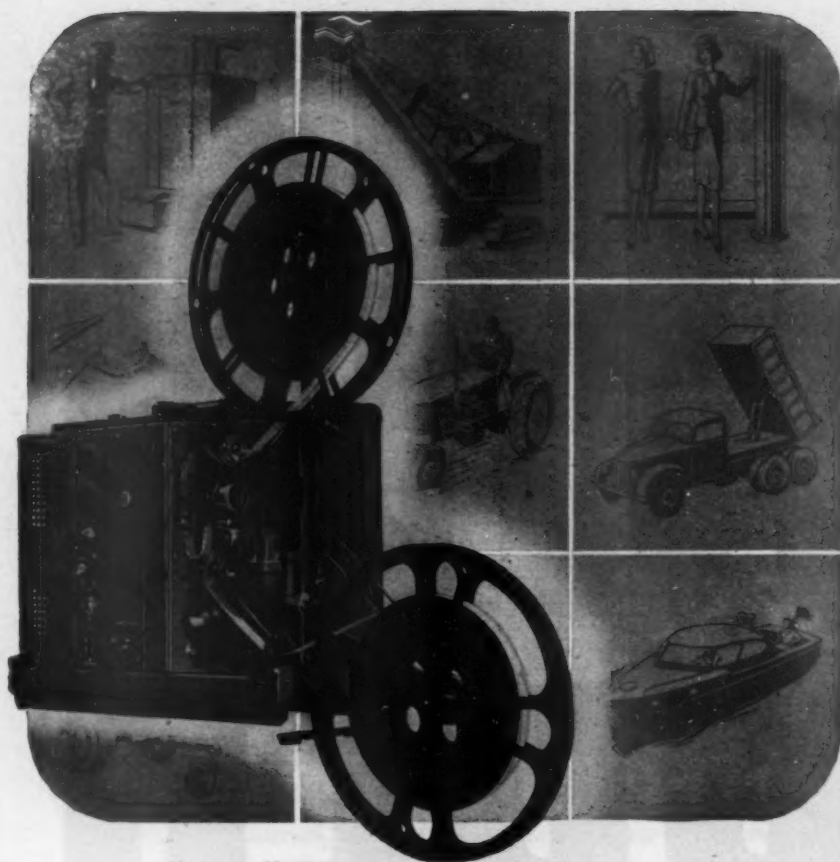
1. greater resistance to cracking
2. greater resistance to bruising
3. cooler running
4. better tread wear
5. ability to withstand higher speeds

All B. F. Goodrich truck and bus tires are now made with this new type rubber. These tires are not as good as natural-rubber truck tires but they are far and away the best synthetic truck tires we have ever built—offering you longer wear and more miles per dollar than tires built of ordinary synthetic.

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Truck Tires BY

B. F. Goodrich



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RCA engineers have designed a projector that provides brilliant illumination and quality sound reproduction.

This careful engineering is backed by RCA's constant research into the development of picture and sound reproduction. RCA projectors are built to give dependable performance under hard usage.

For detailed information on the RCA 16mm Sound Film Projector, send for descriptive booklet. Write: Radio Corporation of America, RCA Victor Division, Dept. 70-165FR, Camden, New Jersey.

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WASHINGTON BULLETIN

HERE STANDS TRUMAN

In Washington the question period President Truman has come to an end. Congress now has—and business would have—a clear picture of how he compares with his predecessor on objectives and methods.

Objectives

Truman is continuing the authentic domestic New Deal under new management. His message called for as far-reaching and as left-of-center a legislative program as Franklin Roosevelt ever dispatched to Capitol Hill. If it does not look that way, the explanation is to be that what seemed radical not so long ago now appears to be nearer the middle of the road, and there has been a shift in public opinion as well as in Presidents.

In seeking a full government partnership with industry, labor, and agriculture in a balanced economy, with government tipping the balance wherever and whenever it considers necessary, Truman is following the economic and social concepts of his predecessor. In aligning himself completely with the full-employment bill now before Congress, he is actually extending the previous legislative frontier of the New Deal.

Methods

Truman has adopted a grownup New Deal with guaranteed good manners—no name-calling, no belittling of Congress, no one-man government, no colding of business. He wants his way with Congress as much as any man who has occupied the White House, but he is aiming—temporarily, at least—to get it by locking arms with the House and Senate rather than by locking horns. He showers upon private enterprise all the assurances that it could ask to be put into words (but remember that it was assuring the ready use of government resources for full employment that he called “a bedrock public responsibility”).

No Surprises

It should not be surprising that this is the true Truman. He is just being faithful to his own voting record in the Senate. There was no reason to expect him to become either a Taft Republican or a George Democrat.

Nor should it be surprising if ultimately the President has to fight—and fight hard—to put through his substantially controversial program launched in the most conciliatory and noncontro-

versial phrases that Congress has heard from the White House in twelve years. Congress is almost invariably more conservative than the Chief Executive, and this one—after a twelve-year famine of authority and prestige—is eager to take over the reins of policymaking and to sit firmly in the driver's seat.

The honeymoon and question periods are ending together.

THE \$25-A-WEEK ISSUE

Rejection by the Senate Finance Committee of President Truman's recommendation to raise state unemployment benefits to jobless war workers to a maximum of \$25 a week, at federal expense, is of minor significance to Truman's standing in Congress and in popular estimation. He's on record for what he wanted, and congressional action on this issue does not foreshadow defeat by Congress of other Truman proposals.

The Senate committee's action is a compromise, not unexpected, in which the period of benefit payments is extended to 26 weeks. Maritime workers are included, and all migrant war workers also receive transportation up to the cost of their fare home, subject to a maximum of \$200 for the worker and his dependents.

A Psychological Obstacle Only

The Senate committee's refusal to hike jobless pay throws a psychological obstacle in the path of smooth, fast transition to a peacetime economy, primarily because the Administration, sensitive to labor pressure, has featured it as a major step in the reconversion program. Practically, it's not of great importance, especially in the light of the extended duration of payments.

A survey by the Social Security Board discloses that 32 of the 44 state legislatures in session this year raised the maximum benefits, or the duration of benefits, or both. As a result, the maximum weekly benefit is now \$20 or more in 25 states which have 78% of the covered workers. The maximum duration is 20 weeks or more in 31 states which have 80% of the covered workers.

STEEL WAGE FIGHT IS ON

Regardless of what form of labor disputes agency may grow out of the forthcoming Schwellenbach-Wallace confer-

ence (page 92), one of its first headaches is certain to be the problem of steel industry wages.

This week Philip Murray's C.I.O. Steelworkers demanded a straight 25¢-an-hour wage boost by 86 basic steel companies. The union claims the increase can be paid without any steel price adjustment, and it argues the raise is necessary to offset loss of overtime and to bring living costs and wages into line. The union made clear that its no-strike pledge—not yet rescinded—may be tossed out the window if negotiations don't move smoothly.

While many C.I.O. unions currently are talking in terms of percentage wage increases—usually of 30%—the Murray union uses the selling point that its demand calls for the same dollar-and-cents boost in pay for every steelworker, from those in the highest to those in the lowest wage bracket.

Actually, the union demand boils down to a 32% increase for those basic steelworkers getting the present 78¢-an-hour minimum, and an average increase of 20% for basic steel's tightly organized 500,000 wage earners taken as a group.

SENATE'S ABOUT-FACE

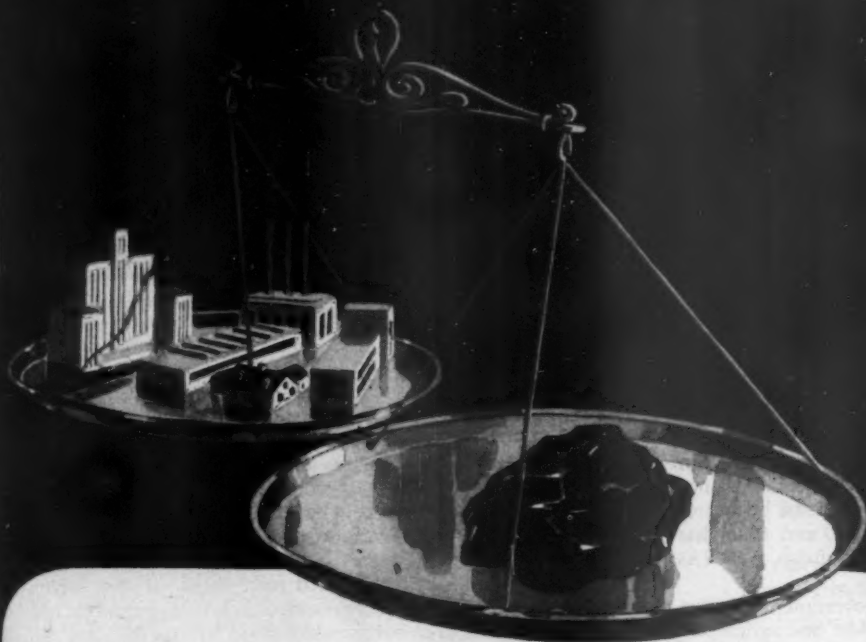
Senators who fought like tigers last year to put surplus property disposal in the hands of a board didn't say a word this week when the Administration's bill to abolish the board and substitute a single administrator came up. One year's experience, plus careful preparation, plus the urgency of the problem greased the skids. The bill passed on voice vote. W. Stuart Symington, present board chairman, is slated for the job as administrator.

ARMY VS. NAVY

Army is lined up against Navy over postwar military research.

The Army favors the measure sponsored by Chairman Andrew J. May of the House Military Affairs Committee, which would conduct research through the National Academy of Sciences. The Navy favors the measure of Sen. Harry F. Byrd, member of the Senate Naval Affairs Committee, which would conduct such work through a government body—the existing Research Board for National Security in the Office of Scientific Research & Development.

According to the Army, an academy



What's the Value of a Lump of Coal?

No, we're not thinking of dollars and cents . . . but of coal's importance to our war plants, transportation systems, electric power plants . . . its importance in providing health-protecting warmth in our homes, schools and hospitals. *Coal is invaluable on the war and home fronts!*

Because coal is consumed on two fronts . . . available supplies are scarcer than ever before. This means that avoidable fuel waste cannot be tolerated! Every lump of coal must be utilized fully to help prevent even greater shortages this coming winter. How? Here's one simple but effective way in which you can do *your part* . . .

Call your service man today . . . let him recondition your heating plant *to save fuel*. Automatically controlled systems should be checked and controls repaired or replaced when necessary. If your heating system is hand fired . . . the addition of PENN Draftender control will help *save fuel* and provide some of the *comfort and convenience* of automatic heat.

The making of such automatic controls is PENN's job, and has been for a long time. PENN controls have compiled an outstanding record for convenience and fuel economy. When you need heating controls . . . be sure they're PENN. *Penn Electric Switch Co., Gosben, Indiana.*

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... would be nonpartisan, carry prestige, and offer the speediest solution from the wartime OSRD. His position is that a government would have greater assurance of saving funds, and make possible a other operation (since the academy's later reportedly precludes it from anything until it receives a re-

... compromise under discussion is start a postwar military research organization under academy auspices and gradually convert it—over several years—sponsorship by a government body, outlined in the Byrd bill.

ARK HORSE?

Failure of President Truman to in-
te a successor to former Supreme
art Justice Owen J. Roberts among
week's judicial appointments indi-
cates that there is a dark horse in the
ture. Leading candidates, in turn,
e been Sen. Warren Austin of Ver-

mont, Sen. Harold H. Burton of Ohio,
Under Secretary of War Robert P.
Patterson, and U. S. Circuit Court
Judge John J. Parker of North Carolina
—all Republicans.

Parker's appointment this week to
serve as alternate to former Attorney
General Francis Biddle as U. S. judge on
the international tribunal to try Axis
war criminals apparently has removed
him from the race to the bench. Patter-
son's chances are still regarded as good,
but a possible dark horse is Orie L.
Phillips, federal circuit court judge in
Colorado. He is strongly supported by
western senators.

Gov. Ellis Arnall of Georgia looks
solid as Solicitor General, succeeding
Charles Fahy.

NEW BLOOD FOR FPC

Immediate significance attaching to
nomination of Harrington Wimberly of
Oklahoma as chairman of the Federal
Power Commission, succeeding Basil

Manly on Oct. 1, is that he may change
the complexion of the commission's
investigation into the natural gas in-
dustry which is just getting under way
(page 28). Wimberly is a publisher and
state Democratic chairman.

Oil and gas interests have been pull-
ing strings to get a friend on the com-
mission (BW-Jun.9'45,p8). Another
FPC appointee, Richard Sachse, also is
from an oil state—California.

DEALERS TO GET PLANES

Reconstruction Finance Corp. this
week completely reversed its policy on
the disposal of surplus light airplanes
suitable for personal use. It decided that
dealers could buy three or more planes
at a discount of 20% on primary and
basic trainers, 15% on Cessna twin-en-
gined utility transports. Base prices
also will be lowered.

Against the advice of practically every-
one in aviation, RFC top officials last
March decided help of aircraft dealers

Tug-of-War Fails to Halt Patent Reform Movement

Patent reform is making prog-
ress despite a continued tug-of-war
between those who would preserve
unchanged the basic fundamentals,
on the one hand, and advocates of
compulsory licensing, etc., on the
other.

• **NPPC Bows Out**—Patent reform-
ers line up right to left: National
Assn. of Manufacturers; American
Bar Assn.; American Patent Law
Assn.; the recently superseded Na-
tional Patent Planning Commission;
the new Commissioner of Patents
(Caspar W. Ooms); the Wallace
committee on patents, named by
President Truman; and, on the ex-
treme left, the Dept. of Justice,
whose thinking is still along the radi-
cal lines advanced by Yale's Profes-
sor Walton Hamilton in the Tem-
porary National Economic Commit-
tee's investigation made several years
ago.

Last week the NPPC, appointed
by the late President Roosevelt and
headed by Dr. Charles F. Kettering
of automotive fame, made its cur-
tain speech. Politically outranked by
the Wallace committee, in which Dr.
Kettering is low man on the totem,
NPPC bowed out with a report re-

newing its former specific legislative
recommendations.

• **Asks 20-Year Limit**—These include
limitation of the life of a patent to
20 years from the filing date; pro-
vision for recording patent agree-
ments in the Patent Office so as to
disclose any illegal restraints of trade;
establishment of a register of patents
available for licensing; creation of a
single court of patent appeals to dis-
pose of infringement suits from the
district courts; designation of the
U. S. Court of Customs & Patent
Appeals as the sole tribunal to review
decisions of the Patent Office; and es-
tablishment by Congress of a "reason-
able, understandable test of patent-
ability."

The first three suggestions are al-
ready embodied in pending legisla-
tion. The so-called 20-year bill is still
in committee, but the other two have
been reported favorably by the House
Committee on Patents. Aims of the
two recording bills are already at least
partially achieved by administrative
action.

• **Voluntary Record**—By order of Sec-
retary of Commerce Wallace, patents
available for license now are listed
each week in the official gazette. A

voluntary record of patent assign-
ments has been kept by the Patent
Office for years, to afford notice on
ownership of patent rights. The
pending legislation would make it
compulsory to record all patent con-
tracts, but would keep the file in the
Patent Office rather than in the
Dept. of Justice where the antitrust
sleuths would like to have it.

With the possible exception of
these three bills, Commissioner
Ooms probably will ask a moratorium
on patent legislation until he deter-
mines what else can be done by rule-
making in the Patent Office itself.
Afterward, he would join with the
Wallace committee in recommend-
ing legislative steps. The latter group
seemingly has been taken into camp
by the Justice Dept.

• **Study Is Under Way**—Instead of
recommending specific legislative
steps, as has been done by NPPC,
the new committee has farmed out
a long list of questions for study by
patent experts, most of whom turn
out to be Justice Dept. men. Their
reports will be the basis of the Wal-
lace committee's suggestions as to
what should be done with the patent
system.



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was unnecessary. Since, RFC has sold approximately 3,000 of these three types of planes, still has about 12,000 on hand. Reason for the new policy admittedly is to speed sales.

Note: New personal planes will be coming into volume production shortly after the first of the year.

—Business Week's
Washington Bureau

THE COVER

With the appointment of William Burnett Benton as Assistant Secretary of State in charge of public information, Washington expects some spectacular developments—and probably will get them. Bill Benton has a reputation for doing unexpected things extremely well.

In 1929, when he was 29, he teamed up with Chester Bowles (present head of OPA) to create the highly successful Benton & Bowles advertising agency. But when he started in business he told friends he intended to make a fortune, then quit, and in 1936 he left advertising to apply the business touch to the vice-presidency of the University of Chicago. (Both his father and mother were university professors.)

The university's popular Sunday afternoon radio forum is a Benton dream brought to life.

When Sears, Roebuck & Co. offered to give the university the Encyclopedia Britannica, conservative trustees were afraid that they would be forced to dip into endowment funds to provide working capital for the Britannica organization. Benton clinched the prestige-making deal by agreeing to put up the capital himself.

Benton has been the spark in many other projects—both commercial and educational (BW—Nov. 18'44, p. 46)—but the business world has heard most of him in recent years through his activities as vice-chairman of the potent Committee for Economic Development.

To keep the U. S. public informed about this country's foreign policy, Benton can draw upon a practical knowledge of every medium of publicity and of the results that can be expected from each. And to handle the equally important job of publicizing the U. S. abroad, he brings a stubborn determination that this country's interest in world affairs be merchandised as the important new product which it is.

Benjamin Cohen, Secretary James F. Byrnes' special counselor, listened to Benton's incisive comments on Anglo-U. S. trade relations many months ago and remarked: "You are needed in the State Dept." But it still was a surprise to Benton when, two weeks ago, Byrnes offered him the job.

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by Iron Fireman



**Saving Coal
has been our business
for 21 years**

THE urgent requirement for fuel conservation brings Iron Fireman firing economies into sharp focus. There is one sure way to save coal—burn it automatically with maximum combustion efficiency.

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Our nationwide organization of qualified factory representatives and dealers is at your service. For full information write Iron Fireman Mfg. Co., 3734 West 106th Street, Cleveland 11, Ohio, Pioneer Leader in its field. Plants in Portland, Oregon; Cleveland, Ohio; Toronto, Canada.



**IRON
FIREMAN**
Automatic Coal Stokers

THE OUTLOOK

BUSINESS WEEK

Aug. 15, 1945



Wall Street is taking a highly optimistic view of reconversion (page 122), the way investors are going for heavy-industry stocks.

The simple fact is that the transition from war to peace production isn't proving too tough. Steel mills are pretty solidly booked to the end of this year on flat-rolled products; operations this week spurted further to top 80% of ingot capacity and would unquestionably be higher but for shortages of skilled labor in finishing departments.

All this is mirrored in buying which has pushed the common stock of U. S. Steel to the best price since early in 1940.

It should be remembered, though, that other things are bolstering stock prices—imminence of corporate tax relief and inflationary signs.

Some technical factors may be bearish, but the bulls don't mind.

Labor troubles aren't retarding reconversion to any marked degree.

Manufacturers and government alike are trying to see that strikes don't assume very broad scope. This means higher hourly wages.

Pressure for higher prices will mount under such circumstances.

Inflationary trends are fostered by pressing consumers' demands and by the manufacturers' desire to satisfy such demands.

These inflationary tendencies seem to offset the deflationary ones started by increasing unemployment and declining consumer incomes.

The result can be seen in voluntary adjustments in basic hourly wages—15% for Standard Oil Co. (N. J.), 12% for Studebaker, 10% for Timken Roller Bearing—at a time when it might be imagined that employers would be resisting advances because of the loosening labor market.

These voluntary adjustments are designed to compensate, at least in part, for lost overtime pay. They aren't as far reaching as will be the cases of the steelworkers, auto workers, and coal miners. Yet they are indicative of what is to be expected in other lines.

Washington policy right now is to be pretty strict in passing on wage rises to aid reconversion in cases where prices will have to be advanced a little to compensate.

Yet it is clear that the Administration will push wages up.

Thus it would not be surprising if a more lenient attitude were to be adopted on what is necessary to aid reconversion.

Voluntary wage increases here and there will throw standard relationships out of line. Reconverting industries will need to make adjustments to hold their labor forces. And, here again, price pressures will arise.

Prices of industrial raw materials (chart, page 32) show no more tendency to decline than does the cost of labor.

Despite wartime expansion in capacity (steel, aluminum) and large visible stocks (copper, zinc), the prices of most metals are held down only by their OPA ceilings.

Even cotton seems to have no difficulty holding well above the government's support price, although the supply in the current crop year (starting last Aug. 1) will be more than double domestic needs.

This basically strong situation reflects the expectation that, by next summer, industry will be humming along at a rate well in excess of levels

THE OUTLOOK (Continued)

BUSINESS WEEK

SEPT. 15, 1945

which were capable of producing commodity booms in the past. We are making more steel right now, for example, than we were in February and March of 1937 when prices were moving up rapidly.

Cost-price squeezes will be very severe in many industries until (1) ceilings are lifted or (2) much larger volume is attained (maybe both).

This is quite evident from the trend of wages and raw materials costs. If dislocations now aren't severe enough to shake down these basic cost factors, cuts will be difficult, indeed, next year.

Prices of agricultural commodities have been steady so far, but there will be more selectivity in foods as time goes on.

Stockmen have increased marketings because they remember the lessons of the last war. As supplies of beef become larger (and if consumers are permitted to buy what they want), demand for chicken will decline.

Expenditures for dairy products, fresh fruits, and vegetables are more elastic than for flour; a prosperous populace will expand its purchases of cheese and oranges more than those of bread.

Yet it should be remembered that the government is committed by law to support farm prices at 90% of parity.

And remember, too, that parity isn't a static figure. If prices of the things the farmer buys go up, parity goes up too.

Turkeys will be much easier to get—if not actually plentiful—over the holiday season this year. Chicken certainly will be in good supply.

The Dept. of Agriculture says the "military services will still need as much turkey as they had previously planned to buy." Even that is doubtful, though, because you need a lot more to feed the troops in battle than in garrison.

The payoff is the all-time record crop of 44,000,000 birds. That is 22% over the previous peak, 44% over the 1937-41 average.

The large increase in this week's federal estimate of the corn crop is not to be accepted with unadulterated enthusiasm.

Weather has been unfavorable in the southwestern part of the Corn Belt since Sept. 1, the date of the crop report. Drought has taken some toll, and early frosts are still a danger elsewhere.

But, if the harvest tops 3,000,000,000 bu., the outlook for livestock feed is assured for 1945-46.

And the tobacco crop, which now is placed at a record 2,000,000,000 lb., is assured. The yield is 100,000,000 lb. above early-season estimates. Cigarette makers are due for another increase in allocations.

Look for troubles in contract termination—if there are going to be any serious troubles—to start cropping up any day now.

Companies that didn't arrange for adequate interim financing and which aren't able to arrive at prompt settlements will begin to be pinched for working capital by next month.

Slowness in getting government property out of plants will be a little slower in showing up. You can't toss the stuff out in the yard until 60 days after submitting an inventory. So prompt stock-taking pays.

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BUSINES

FIGURES OF THE WEEK

	% Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX (see chart below)	*170.5	†175.5	209.6	230.1	231.7
PRODUCTION					
Steel Ingot Operations (% of capacity).....	80.3	74.9	82.5	94.5	93.8
Production of Automobiles and Trucks.....	14,560	13,845	20,790	20,235	17,285
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$6,793	\$6,281	\$8,198	\$5,997	\$7,193
Electric Power Output (million kilowatt-hours).....	3,909	4,137	4,395	4,446	4,228
Crude Oil (daily average, 1,000 bbls.).....	4,518	4,876	4,934	4,768	4,689
Bituminous Coal (daily average, 1,000 tons).....	2,025	12,033	1,883	1,880	1,947
TRADE					
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	78	77	81	83	87
All Other Carloadings (daily average, 1,000 cars).....	65	66	62	48	63
Money in Circulation (Wednesday series, millions).....	\$27,750	\$27,600	\$27,269	\$25,864	\$23,432
Department Store Sales (change from same week of preceding year).....	-1%	+6%	+22%	+19%	+15%
Business Failures (Dun & Bradstreet, number).....	19	16	8	21	9
PRICES (Average for the week)					
Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	255.0	254.5	254.7	255.2	249.2
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	168.0	168.0	167.1	166.4	165.4
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	224.4	224.3	225.9	226.1	222.6
Finished Steel Composite (Steel, ton).....	\$58.27	\$58.27	\$58.27	\$57.55	\$56.73
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$18.00
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
Wheat (Kansas City, bu.).....	\$1.59	\$1.60	\$1.60	\$1.66	\$1.50
Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.75¢	3.75¢
Cotton (middling, ten designated markets, lb.).....	22.52¢	22.38¢	22.45¢	21.74¢	21.29¢
Wool Tops (New York, lb.).....	\$1,330	\$1,330	\$1,330	\$1,340	\$1,330
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢
FINANCE					
90 Stocks, Price Index (Standard & Poor's Corp.).....	125.5	122.8	116.9	111.0	98.9
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.25%	3.26%	3.26%	3.38%	3.56%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.62%	2.62%	2.61%	2.62%	2.71%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	3%	3%	3%	3%	3%
BANKING (Millions of dollars)					
Demand Deposits Adjusted, reporting member banks.....	38,485	38,140	37,062	37,149	35,469
Total Loans and Investments, reporting member banks.....	62,382	62,546	63,052	58,424	55,493
Commercial and Agricultural Loans, reporting member banks.....	6,055	5,982	5,914	6,198	5,986
Securities Loans, reporting member banks.....	4,140	4,256	4,469	2,907	2,671
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	46,182	46,371	46,771	43,977	41,446
Other Securities Held, reporting member banks.....	3,333	3,334	3,306	2,930	2,957
Excess Reserves, all member banks (Wednesday series).....	980	1,020	1,140	899	835
Total Federal Reserve Credit Outstanding (Wednesday series).....	23,192	23,063	22,606	20,150	16,509

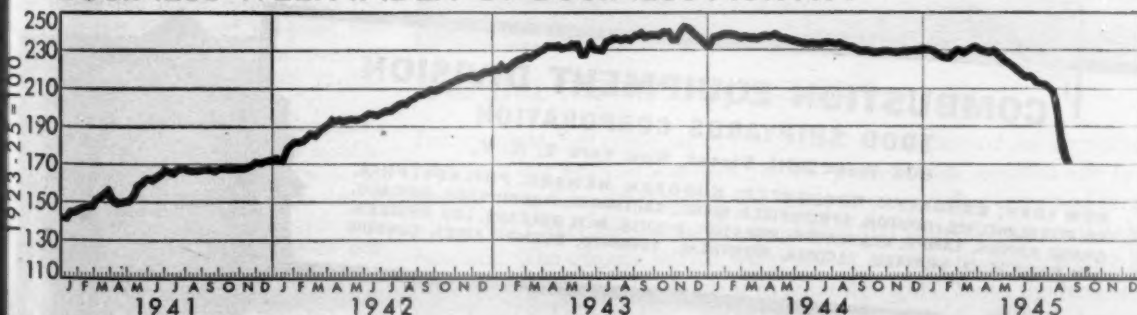
Preliminary, week ended September 8th.

† Revised.

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





PLANNED ECONOMY begins with **TODD BURNERS**

SUCCESSFUL, planned economy is not unlike a small boy and his piggy bank.

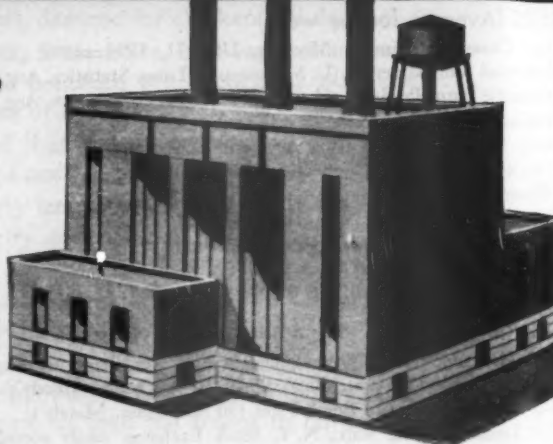
Every dime saved grows into dollars . . . and dollars into impressive total amounts.

Such savings are entirely possible through the installation of the *right* Todd Burners, which can save you 10¢ out of every dollar spent for oil or gas, in production of power and heat.

At the same time Todd Oil and Gas Burners give you efficient automatic control, adjustable to your power needs, and appreciably increase your power output.

Result: *Reduced cost per pound of steam* leading to lessened operating costs and total plant overhead.

Todd for thirty years has supplied the world with efficiency-tested liquid and gaseous com-



bustion equipment; today there is available to you a *complete* line of *completely* modern Todd Burners, rightly adapted for all power and heat uses in the industrial, commercial and marine fields.

Summon a Todd trained engineer. He'll be glad to go over your specifications with you and explain how modernization with Todd will save you money.



COMBUSTION EQUIPMENT DIVISION TODD SHIPYARDS CORPORATION

601 West 26th Street, New York 1, N. Y.

NEW YORK, BROOKLYN, ROCHESTER, HOBOKEN, NEWARK, PHILADELPHIA,
SO. PORTLAND, ME., BOSTON, SPRINGFIELD, MASS., BALTIMORE, WASHINGTON, CHICAGO,
GRAND RAPIDS, TAMPA, GALVESTON, HOUSTON, MOBILE, NEW ORLEANS, LOS ANGELES,
SAN FRANCISCO, SEATTLE, TACOMA, MONTREAL, TORONTO, BUENOS AIRES, LONDON



TODD
NEW YORK, U.S.A.

Demobilization in High Gear

Employers, eager to get workers back, flood services with their pleas. Machinery is speeded to release 9,000,000 in twelve months, but the procedure—and chances—vary greatly.

Many employers are just as eager to obtain the prompt release of key men from the armed services as are millions of G.I. Joes and Navy Jacks to get out of uniform and into peacetime employment.

• **Impressive Timetable**—The Army, Navy, Marine Corps, and Coast Guard have already spelled out their normal demobilization procedure in detail (box, page 16). This furnishes a general idea of when most uniformed personnel will be released. From an over-all standpoint, the demobilization timetable is impressive:

Out of some 12,000,000 men and women, the services hope to release around 9,000,000 within the next twelve months. The monthly rate of discharges from the four services is expected to rise from a current total of 400,000 to well over 900,000 in December, then level off at slightly above 1,000,000 in the first six months next year.

• **Trend to Liberalization**—In effect, the services are trying to disband in one year what it took them more than three years to organize—the greatest Army and Navy ever known. Current demobilization statistics cannot be considered the last word. As transportation becomes more plentiful, as the future of voluntary enlistments becomes more clear, as the services' peacetime responsibilities are more definitely known and outlined, the rate of release will be stepped up even further.

Each of the armed services has gone on record to that effect. The Army, Marine Corps, and Coast Guard have already lowered their critical scores for release under the point system, and the Navy has just liberalized its point formula by allowing credit for overseas service. The trend is toward further liberalization.

• **Requests Multiply**—Nevertheless, hundreds of requests for discharge outside the point system continue to pour in daily to the services. This man has a sick wife and no one to care for her; that one has a business going to pot because of bad management; a third wants to pick up school where the draft forced him to leave off; a fourth has a good job waiting that won't wait much

longer; a fifth can't support himself on Army or Navy pay; and so on.

The officer or enlisted man who doesn't qualify for discharge immediately isn't the only one represented in that daily mail. Many employers are requesting release of former workers. The typical argument used to be that Johnny Jones is more valuable to the war effort at his civilian job than in uniform; now it's apt to be that Johnny is important in reconversion.

• **Chances Vary**—Each of the services has a mechanism for handling such requests, but there are marked differences as to the chances for favorable action.

The Army is the most liberal. Even though sufficient points have not been accumulated, both officers (War Dept. Circular 485) and enlisted men (Army Regulation 615-363) may ask to be discharged because they are "essential to national health, safety, or interest."

Essentiality is a matter of interpretation. The Army does not like to cite cases, but it's a safe bet that a request to fill any presently critical occupation—as in coal mining, construction, lumberjacking, communications, and transportation—will get favorable action.

• **Break for Key Men**—Where it's a case of filling a key job in fields such as science, education, merchandising, publishing, and business administration, the prospects may be considered good. The same applies where a man's release will stimulate employment; a crackerjack sales manager or a top-flight advertising man might make the grade here.

Typical of the kind of request that has the least, if any, chance of going through is the one in which the em-



AND STILL THE PICKET LINE GROWS

Labor unrest, first centering in Detroit and Akron, fanned out over other industrial areas last week. More than 100,000 persons were reported idle because of strikes. At a Cleveland picket line (above), mounted police stood face to face with 2,800 Parker Appliance Co. employees and sympathizers from neighboring factories. The dispute started when A.F.L. machinists claimed that the company was rehiring without regard to seniority rights. Since the building houses four firms, ticklish problem for the pickets was to distinguish Parker employees from workers of the other companies who use the same entrance.

Pointers on Points

Most members of the armed forces will be getting out of uniform by way of the point system of their particular service—Army, Navy, Marine Corps, Coast Guard. So the first step in getting back a valued employee is to determine whether he has enough points to get out now; if so, there is no need to cooperate with him on a special request for release (page 15). This applies even if your man is a few points short of the presently required score for discharge because further liberalization by all services is indicated in the near future.

Army

Points required for release:

Enlisted Personnel	
Male	80
Wac	41
Male Officers	
Col., Lt. Col., Maj.	100
Capt., 1st Lt., 2nd Lt.	85
Warrant Officers	80

Female Officers	
Wac	44
Nurses	65

Computing the credits:

Service—One point for each month since Sept. 16, 1940.

Overseas—One point for each month since Sept. 16, 1940.

Combat—Five points for each of the following awards since Sept. 16, 1940: distinguished service cross, distinguished service medal, legion of merit, silver star, distinguished flying cross, soldier's medal, bronze star medal, air medal, purple heart, and bronze service (battle participation) stars.

Parenthood—Twelve points for each child under 18 years, up to a limit of three.

Example—A sergeant has been in the Army 36 months, has served overseas for 18 months, has participated in three major campaigns, has the purple heart, and is the father of a child under 18.

He receives 36 points service credit, 18 points overseas credit, 20 points combat credit, and 12 points parenthood credit, a total of 86 points, or six more than necessary for a discharge.

Navy

Points required for release:

Enlisted Personnel	
Male	44
Waves	29

Male Officers	
Commissioned and warrant	49
Aviators in flight status	44
Doctors	60

Female Officers

Commissioned and warrant	35
Nurses	35

Computing the credits:

Age—One-half point for each year, computed to nearest birthday.

Service—One-half point for each month since Sept. 1, 1939.

Overseas—One-quarter point for each month since Sept. 1, 1939.

Dependency—Ten points for dependency, regardless of number of dependents. Dependency is established if dependents were receiving a government allowance as of Aug. 15, 1945.

Example—A seaman, 1st class, is 25 years old, has been in the Navy since September, 1942, has served 16 months overseas, and is married.

He receives 12½ points age credit, 18 points service credit, 4 points overseas credit, and 10 points dependency credit, a total of 44½ points, or ½ point more than necessary for a discharge.

Marine Corps

Points required for discharge:

Enlisted Personnel	
Male	70
Female	25

Officers	
Male (commissioned and warrant)	70
Female	25

The method of computing the credits is exactly the same as for the Army.

Coast Guard

Points required for release:

Enlisted Personnel	
Male	40
Spars	29

Officers (commissioned and warrant)	
Male	43
Spars	35

The method of computing the credits is exactly the same as for the Navy, except that the Coast Guard does not yet give any credit for overseas service.

ployer says he wants a former worker back because he's a regular guy, or because either of them can make more money as a result.

• **One Out of Two?**—Although figures are not available, indications are that somewhat better than one out of every two so-called hardship cases—which include those having to do with economic or family difficulties as well as those related to "national health, welfare, or national interest"—have been receiving favorable treatment by the Army.

Now that the Army has rounded out its demobilization procedure by lowering critical scores, setting up a point-discharge system for officers, protecting certain low-point (45 and over) and higher-age (37 years and over) groups from foreign service, it is logical to expect that it will begin to tighten up on releases outside the point system. This is especially likely in view of the fact that critical scores will be lowered progressively and that further changes in favor of more rapid demobilization will be made.

• **Navy More Difficult**—In contrast to the Army, the Navy regards all requests for the return of a key man—or otherwise—to business, industry, science, education, etc., with a very cold eye.

The Navy's theory is that it has no right to decide whether this skill or that, whether one man or another, is more important to reconversion. The Navy feels that its point system, which it considers very broad and carefully thought out, should carry just about the entire burden of releases for whatever cause.

The outstanding exception here is the man or woman who was taken from industry on special assignment to the Navy. If that assignment is completed, release should follow, regardless of the number of points accumulated. Comparatively speaking, however, there are only a handful of such cases in the Navy.

Equally of small solace to the average employer is the fact that the Navy is unlikely to warm up to many business-hardship cases.

• **Marines' Problem**—The Coast Guard policy on releasing uniformed personnel outside the point system is of a piece with the Navy's.

The Marine Corps line is closely related to Navy, too, but it has a twist or two of its own for employers to note. For example, even if an officer has the required number of points (at least 70), he may not be released. The Corps' officer complement is relatively small and its remaining job is relatively large; that particular leatherneck may be needed a little while longer.

• **Needed Skills**—In all of the services, certain work is currently classed as crit-

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l, largely because of the needs and mechanics of demobilization. Thus, if a man is in the Army and he is an orthopedic mechanic, radio transmitter repairman, military occupation specialist, contract termination expert, or electroencephalographic specialist, it is practically out of the question to try getting him back now.

For the Navy, the same thing applies to punch card accounting-machine operators, transportation specialists, military government officers, classification specialists, experts in oriental languages, etc. The Marine Corps and Coast Guard have a somewhat similar list of critical jobs.

Whatever the circumstances and whatever the service involved, employers could not write directly to a man's commanding officer or to Washington. The man himself must initiate the request for release to a home-front job. However, the facts to support his request must be substantiated by a letter from his employer, attached to his application.

The Procedure—After that, here is the routine in each of the services:

Army—If it's an officer, the application goes to his immediate commanding officer, then through channels—regimental headquarters, divisional headquarters, appropriate service command to the Adjutant General's Office in Washington. From there it goes before the Secretary of War's separation board, consisting of representatives of all the arms (infantry, field artillery, engineers, etc.) and the services (quartermaster, medical, chemical warfare service, etc.). Regardless of the indorsements (approvals or disapprovals) attached to the application in its journey from commanding officer to AGO, the separation board's word is the deciding one.

If it's an enlisted man, the application goes from the commanding officer to the Washington chief of the appropriate arm or service. The decision reached there is the one that counts; there is no presentation before the separation board, and the Adjutant General's approval is usually a matter of routine.

Navy—If it's an officer, his request and supporting data go first to his immediate commanding officer—as in the Army—then through channels to the chief of Naval Personnel in Washington. From there it is referred to the Navy release board, consisting of reserve and regular officers, for final determination.

An enlisted man's request moves the same way as far as the office of the Chief of Naval Personnel, where the decision is made.

(To repeat, there is little chance of success for Navy releases.)

Coast Guard—For an officer, the application goes first to his immediate commanding officer, next to the district Coast Guard office, after that to Coast Guard headquarters in Washington. The case is then decided by the officers' appraisal and separation board, consisting of reserve and regular officers.

Applications from enlisted men follow a parallel course to national headquarters, but the final word comes from the chief of the enlisted assignments division in Washington.

(Expect the same sort of treatment that the Navy would give.)

Marine Corps—The routine is the same for both officers and enlisted men. From commanding officers the request goes through channels to the commandant of the Marine Corps in Washington. From there it is referred to the cognizant authority, such as the division of personnel, for decision.

(Very tough, too.)

• **It Takes Time**—No one knows better than the man in service that requests for the kind of discharge under discussion aren't granted overnight. Under reasonably good auspices, the complete routine may take anywhere from ten days to six weeks, depending largely on how far afield the request originates.

Incidentally, if a general, admiral, or senator happens to be interested in speeding the release of your key man that may not, of itself, assure favorable treatment; but it won't do any harm.

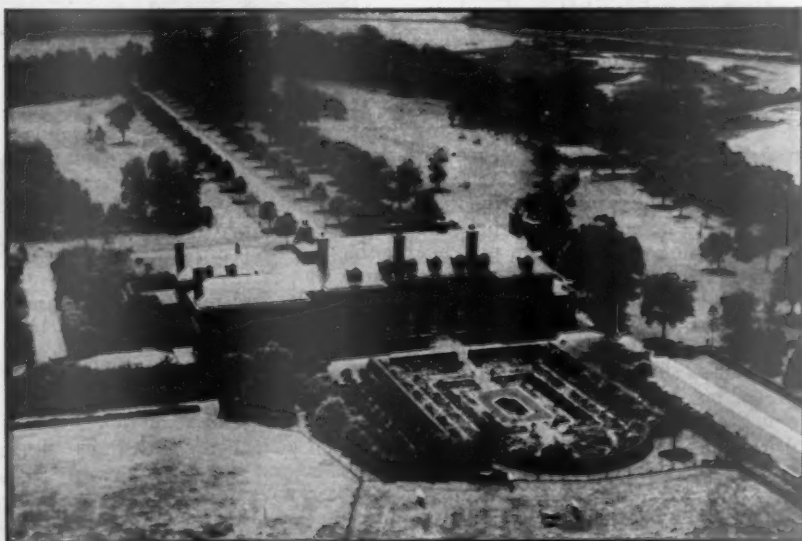
Big Steel Again

New basing points for stainless are established in move resembling action which ended "Pittsburgh plus."

Users of stainless steel—principally the builders of railroad equipment, trucks, airplanes, food machinery—were waiting this week for history to repeat itself.

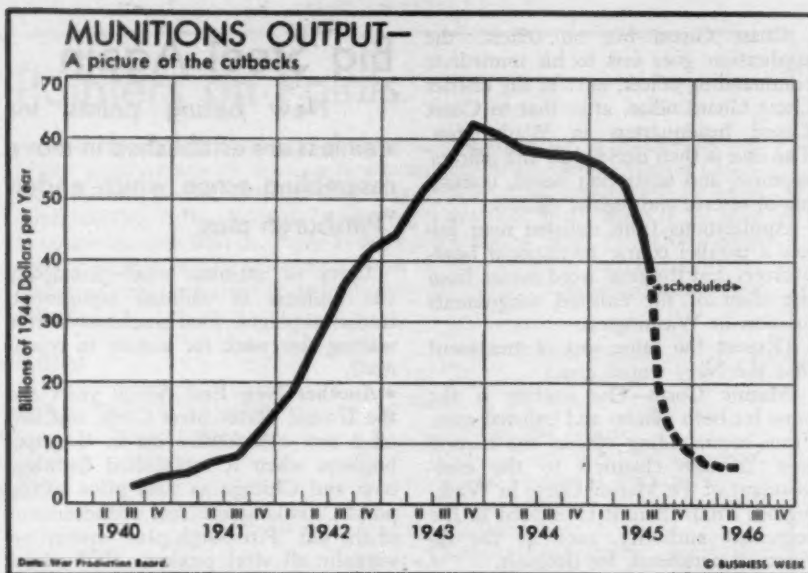
• **Another New Era?**—Seven years ago the United States Steel Corp. touched off a new competitive era in the steel business when it established Birmingham and Chicago as steel price basing points, marking the real abandonment of the old "Pittsburgh plus" system on virtually all steel products (BW—Jul. 2 '38, p13). At that time the rest of the industry swung rapidly into line, establishing half a dozen other new basing points (BW—Jul. 23 '38, p29).

This week, Big Steel took the bit in its teeth again and announced that hereafter it would quote prices for stainless steel products at its Chicago and Cleveland mills as well as at Pittsburgh. In 1938, U. S. Steel's move touched off a price war primarily in sheet and strip, where capacity and technology had expanded under the spur of the depression. Now the industry suspects Big



NEW TENANTS FOR THE HOUSE OF MORGAN

The palatial J. P. Morgan home, long a haven for visiting capitalists and royalty, has been leased for two years as a recreation center for members of the Soviet purchasing commission—at \$15,000 a year. The 41-room mansion, already occupied by U.S.S.R. officials, is being readied for the grand opening. Morgan Island Estates, Inc., owner, is seeking a change in the zoning law to permit converting the residence to a hotel when Russia's lease expires.



September is the big month for cutbacks in munitions production. Output will be down to a \$19-billion-a-year rate, from twice that level in August (the first quarter of 1945 was running at \$56 billion a year). October output will fall off to a \$13-billion annual pace, and by the New Year production will be going at less than \$10 billion yearly, which is little more than the volume at the beginning of 1941, in the days of "national defense." Ordnance items will take the deepest slash, while shipbuilding on the other hand will still be going forward at one-third the July rate early next year.

Steel's change in stainless pricing may start a new wave of competitive pricing—not only in stainless but in the whole alloy division. Although demand for stainless is strong and certain to grow, this vast expansion of facilities had resulted in various price concessions even before Big Steel's basing point action paved the way for a more general reduction.

As long as stainless prices were quoted solely on a Pittsburgh basis, the customer for stainless steel had to pay the Pittsburgh base price plus freight from Pittsburgh to his delivery point, regardless of where his supplier was located.

Thus a Milwaukee contractor might want stainless sheets and obtain them in Chicago, but he still had to fork over the fictitious freight from Pittsburgh which padded the price he paid for the steel by the difference between the actual freight from Chicago and the hypothetical freight from Pittsburgh. Now he will be able to get his sheets at the Chicago base price plus freight from that point to Milwaukee, and it won't matter from what supplier he buys them, for all companies will quote him the same delivered price as Big Steel.

Under a multiple basing point system, such as prevails on steel generally and will now also govern stainless quotations, the uniform price which will be

quoted by all suppliers to any consumer located at any point can be easily computed; it will always be the lowest combination of a base price on the product quoted by one of several nearby mills and the freight from those mills.

• **The Competitive Problem**—In determining their own policies on stainless steel basing points, other companies must consider the profitability of stainless at present prices, when the price-wage squeeze has taken most of the cushion out of carbon steel and the leaner alloys.

They also find themselves up against the cold competitive economics of basing point systems of pricing. A company which seeks to fence in a market by basing prices on its mill in that area must run the risk of being squeezed out of distant markets in which competitors have a geographical advantage.

Take, for example, a stainless producer located in Baltimore. Under Pittsburgh plus pricing he pocketed the hypothetical freight from Pittsburgh in supplying customers in the Baltimore area. If he wanted to supply a fabricator in Detroit—in competition with a Detroit mill—he absorbed the extra freight cost from Baltimore to Pittsburgh. (This operated in reverse for the Detroit mill.) Now, in setting up his own mill as a basing point, the

Baltimore producer loses, on his business, the extra freight charges formerly computed from Pittsburgh. His competitor has the same experience with Detroit business, and both are cut out of each other's local markets. The reductions in delivered prices will make long-haul freight charges prohibitive. And all customers buy cheap.

• **Whole Range in Chicago**—In Chicago, where U. S. Steel subsidiary Carnegie-Illinois and National Tube have established a basing point for virtually the whole range of stainless steel products, it is the sole big producer and will obviously hold a tremendous advantage throughout that whole market.

In Cleveland, where Big Steel shares the business with nearby mills of Republic, American Rolling Mill, and others, a basing point has been set only for stainless cold drawn wire, cold rolled flat wire, cold finished bars, and cold rolled strip—the specialties of its subsidiary, American Steel & Wire Co. Nationwide, U. S. Steel is not the biggest factor in stainless steel production. The industry credits at least four companies with a more commanding position—Allegheny-Ludlum, Crucible Republic, and American Rolling Mill, whose associated company, Rustless Iron & Steel, would enjoy a marked advantage in the big eastern market by establishing a basing point for its Baltimore mill.

Particular interest attaches to Republic Steel's moves, for stainless steel is an electric furnace product—it has been made commercially in the open hearth—and Republic Steel has had all odds the biggest expansion in electric furnace capacity during the war.

• **U. S. Facilities a Factor**—For the industry as a whole, electric furnace capacity increased from 1,883,000 net tons in 1939 to 5,372,000 tons at the end of last year. Roughly, a million tons of this additional capacity were installed in Republic plants, which now account for nearly 50% of total electric furnace capacity.

However, almost two-thirds of Republic's expansion is government-owned. This is most notably the case with the big electric furnace installation in Chicago; if Republic were to take over these furnaces it could give U. S. Steel a run for its money in this market, but the industry doesn't expect this to happen. What is and will be happening in the stainless steel field alone is a harbinger of the developments to come among the alloys in general, particularly high-grade alloys. Stainless tonnage is but 5% of the alloy total, though it is much more important profitwise.

• **May Affect Trust Suit**—Despite certain obvious advantages which accrue to Big Steel through its latest maneuver,

the company's policy to crowd competitors.

the biggest name in steel, "the corporation" regards itself less as a private company than as a public institution. In setting up multiple basing for stainless, U. S. Steel may have called government trust busters by voluntarily what it doesn't want forced to do.

Illinois and 17 other manufacturers are under the gun of a government antitrust action, charging them a conspiracy to suppress competition and fix prices in stainless steel. The defendants pleaded nolo contendere to a criminal indictment returned last Nov. 18 '44 (p. 5). A civil suit against the same companies, filed last year, is still pending. To the eyes of the Justice Dept. trust busters, Pittsburgh and price-fixing are almost synonymous.

Scrap Tightens

Paradox in steel market is caused by abrupt speedup in reconversion. Manpower lack is dealers' biggest worry now.

Paradoxical though it may seem, transition of the nation's iron and steel industry from war to peace may produce a scrap shortage paralleling—but not equaling—the well-remembered shortage of 1942, with its frenzied salvage campaign.

Somewhat as was the case three years ago, many plants that normally produce scrap during the course of their manufacturing operations (and this accounts for 25% to 35% of all open-market scrap) now are shut down for reconver-

sion, thus have no scrap to market. Shipbuilding and munitions, big wartime scrap producers, are out of the picture; automobile makers, structural shops, and civilian manufacturing industries generally have not yet started quantity production, leaving a temporary void in open-market scrap.

• **Immediate Need**—Yet they are placing orders for iron and steel, as are consuming industries having few reconversion problems. Reconversion actually is proceeding faster than had been expected. And since mills usually must start rolling steel 60 to 90 days ahead of the time when it is actually fabricated or machined, the need for scrap is immediate. (Steel operations already are creeping up, and prospects are for continued good output.) Therein lies the reason why experts foresee a somewhat tight supply situation for a short time.

The longer-range outlook, influenced by the rate of marketing surpluses, scrapping of ships and other war goods, junking of old cars and other items such as railroad rolling stock, is more obscured. But even here good demand is expected.

Over-all effect is that the scrap market now is measurably firmer and the tone is much better, despite termination of practically all war production, than a year ago, when both wars were in full blast but some consumers were expecting an early peace in Europe.

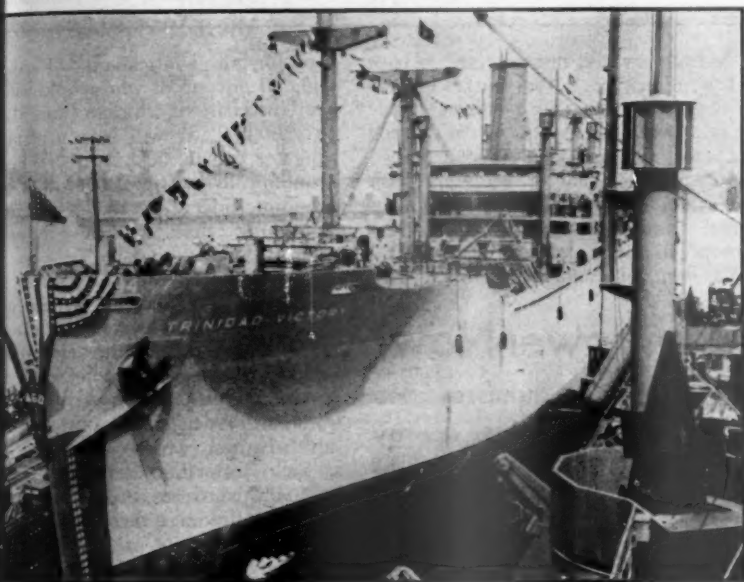
• **Inventories Not Large**—Only really weak spots in the scrap price lineup are in alloy grades, most of which have not commanded ceiling prices for several years, and the Pacific Coast area, which in both war and peace times is a surplus scrap area.

The prompt comeback in steel mill operations following the brief lull after victory in the Pacific means that consumption of open market scrap has remained very close to the general level of the past year, or about 2,000,000 gross tons per month.

Inventories of open market scrap have not been large; the latest report of the U. S. Bureau of Mines, for May 31, shows that dealers then had slightly less than 800,000 tons in their yards and scrap consumers had only 2,500,000 tons in inventory. These quantities would be considered low even in peace times, and are probably the smallest in a decade.

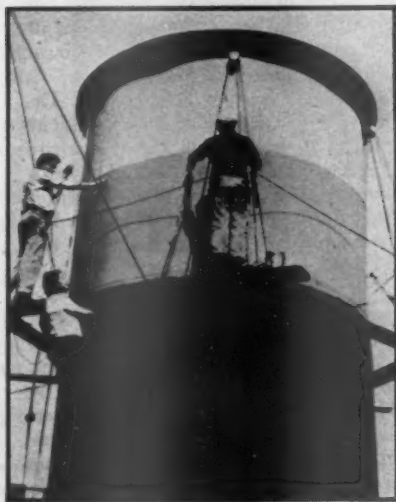
• **Calls for Skill**—One major problem harries the scrap dealers: manpower. Mills and foundries can't just use any old scrap; it must be carefully segregated as to quality and alloy content in order to control properly the product from any given heat.

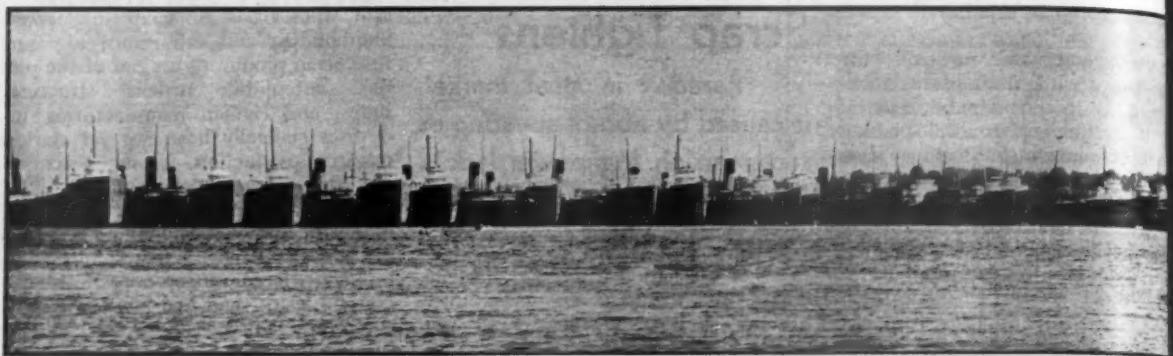
Unsegregated scrap (known in the trade as "unprepared" scrap) coming to dealers must be separated by hand—and



BLEMS OF VICTORY

outfitted for cargo and passenger service, the Trinidad Victory is the ship launched by Calship, the peacetime product of Henry J. Kaiser's Los Angeles yard. At Brookings, Tenn., another big war product, the USS Tennessee, is being converted into a fleet oiler. The drab funnel of another Victory ship, the USS Trinidad, vanishes under gay yellow and blue—marine hallmarks of the American-Hawaiian Steamship Co., which operates it. Congress, however, has passed the toughest ship reconversion bill yet; the ship disposal bill is expected to be the hottest item slated to come before the present session.





LAST PORT OF CALL

Their sailing days behind them, 26 old lake vessels—trade-ins on new ones—await the scrap dealer's torch at Erie, Pa. Ten more are slated for the same fate when the present Great Lakes season ends. Scrapping of the 36 is to be carried out under an agreement drawn three years

ago between former owners and the U.S. Maritime Commission which built 16 larger and faster craft to speed up ore and coal shipments. When new, the ships—the oldest built in 1892, the newest in 1906—represented an investment of \$10,000,000. Under the agreement all the retired ships must be junked, even their modern gyro compasses, direction finders, and radiophones.

this takes manpower. But as yet displaced war workers and released veterans have been loath to take jobs in scrap yards at the prevailing lower wage scales.

• **Dealers Hesitant**—The result is that dealers buying scrap must figure on storing it at least temporarily. Subsequent preparation of the scrap for mill buyers therefore will entail additional handling over that which normally occurs when scrap can be prepared as it is received. So the price that dealers can pay is reduced accordingly; and there even is some hesitancy in making purchases except at discounts which will protect against possible future easing in prices.

This, plus some slowing down in mill and foundry orders while production schedules are rearranged for peacetime operations, accounts in large measure for what little hesitancy has been evident in the scrap market since Japan's surrender. As yet, there has been little tendency of prices to recede from ceilings. In some markets, such as Pittsburgh, available scrap is being readily absorbed by mills, mostly at ceiling levels.

• **Taking Inventory**—Biggest question mark in the scrap supply situation is the rate at which contract termination material is released.

If this termination material is placed on the market promptly, it can, on the whole, be readily absorbed by dealers. (Scrap dealers contend that this policy would insure the government's getting the best possible prices.) But if it is held in storage through unwillingness of the agencies to sell for junk a jig or fixture which may have cost thousands of dollars, worthless though it may now be, an even tighter scrap situation could develop.

Military scrap is not expected to have much influence on the market. Much of it is overseas; where possible, it may be disposed of there rather than shipped back to this country. A mission of two representatives each of the steel, iron and steel scrap, and the nonferrous metal industries now is headed for Europe to survey battlefield scrap and make its recommendations on disposal.

Atom Power Now?

Gustavson dismisses idea that harnessing nuclear energy for industrial uses necessarily belongs to the distant future.

General impression among scientists and engineers who have not been knee-deep in the atom-splitting researches has been that years of further development must pass before this source of power could be harnessed for industrial use.

• **Gustavson Speaks**—Last week, Dr. Reuben G. Gustavson, vice-president and dean of faculties of the University of Chicago, upset this idea. The university was the principal research center of the atomic development. It was Dr. Gustavson who, on the day after the test of the first full-size atomic bomb in the New Mexican desert, signed up the big-time scientists for his university's Institute of Nuclear Studies and Institute of Metals which will open on Oct. 1 (BW—Aug. 18'45, p22).

Hence Dr. Gustavson's words carried full authority when he told the Executives' Club of Chicago that there is no question that atomic energy can "be

used for power in general." Further said, "If anyone of you people will the University of Chicago from \$50 to \$100,000, we will have a plant running for you by next April. Will it be economically possible, or will it be economic adventure to do it? That something that we cannot at moment say."

• **Limiting Factors**—Afterwards Gustavson qualified his statement adding that, obviously, it would require two groups of commodities which may be hard to come by in time for a spin opening. The government's consent would be essential to obtaining the necessary uranium which would be used as fuel. Immediate cooperation would be required from manufacturers in order to produce the steam turbines and generators.

But he said without ifs or buts the physical factors involved for generating heat are already here. He said it is entirely within the knowledge and experience of the scientists to produce the high temperatures for industrial power from atomic energy while keeping it under control without blowing up.

• **The Economic Unknown**—More technical details remain to be sorted out before atomic energy can be harnessed for industrial power. The economics of the method are still unknown because nobody during the breakneck race to beat the Axis to atomic punch has had time to bother with costs.

Finally, Dr. Gustavson flatly dismissed the rumor which has been whispered repeatedly in atomic-wise circles that the University of Chicago is already regularly heating one building with nuclear energy.

Bid for Liners

Four groups seek American President Line to operate five trade routes to Far East, but sale is still uncertain.

For the second time in a half-dozen years the U. S. Maritime Commission has received bids for the purchase of the government-owned American President Line. In 1940 the commission rejected all bids.

• **Syndicate Is High**—High bidder this time, with an offer of \$8,611,276, was a syndicate headed by Charles U. Bay, a partner of A. M. Kidder & Co., and including the Atlas Corp., Charles E. Moore, president of the Joshua Hendy Iron Works, and Albert Moore and Emmett J. McCormack of the Moore-McCormack Lines, and others.

The American Hawaiian S. S. Co. entered a bid of \$8,051,410.

Henry F. Grady, president of the American President Line, for himself and a group including Matson Navigation Co., Lykes Bros. Steamship Co., Consolidated Steel Corp., El Dorado Oil Works, Di Giorgio Fruit Corp.,

Union Oil of California, Trans-America Corp., and Provident Securities Co., entered a bid of \$7,198,281. About 85% of this offer represents California capital.

• **Chicago Corp. Bids**—The fourth bid, of \$5,000,000, was from the Chicago Corp. in conjunction with the Seas Shipping Co. Almost simultaneously, the Chicago Corp. sold (for \$10,500,000) its recently purchased Tennessee Gas & Transmission Co. (BW—May 12'45,p66), to free the corporation from restrictions on natural gas companies which would prevent it from providing risk capital to industry.

The American President Line was the successor company to the Dollar S. S. Line, with dominating stock interest (93%) vested with the Maritime Commission. In opening bids for disposal of this interest, the USMC stipulated that the new owner, eligible for an operating subsidy, must ply five trade routes—from both the Atlantic and Pacific ports to the Far East—with a minimum of 25 modern passenger and cargo vessels. Bidders were to indicate a readiness to invest additional capital in the enterprise.

• **Terms Vary**—Because of the complicated formulas for payment offered by the bidders, no clew to which bid may

be most attractive can be gained from the absolute size of the offers. American Hawaiian S. S. Co., for instance, offers half its \$8,051,410 bid down, the remainder over an eight-year period.

The offer submitted by Henry F. Grady contained a proposal limiting liabilities of the new owner for income and excess-profits taxes which the steamship line may owe.

Wage Tax Sticks

Philadelphia, with backing of courts, begins drive to push enforcement of its income levy. Opposition is losing force.

Philadelphia has started a vigorous drive to wrap up the loose ends of enforcement of its wage and income tax, which since 1940 has poured \$118,110,055 into the city treasury. Apparently there are no loopholes in this tax law, for the city has successfully defended every attack, from taxpayers and employers alike, for five years.

• **Reduced in 1943**—The salary levy became effective Jan. 1, 1940, on wages earned within the city and on residents working outside the city. Originally the tax was 1½%; in 1943 it was cut to 1%.

Professional and other workers not on a regular payroll make an annual return. Employers are required to deduct the tax and make quarterly returns.

• **Upheld by High Court**—Constitutionality of the tax was tested as far as the U. S. Supreme Court, and the city won every time. Assaults were made by special groups: federal workers, out-of-town residents working in the city, and finally Philadelphia residents working out of town. The Pennsylvania Legislature, in a hectic session this year, came close to abolishing the tax. New Jersey threatened retaliatory measures.

Last January, the city sued seven large companies which had plants or offices both inside and outside the city, and which had refused to collect the tax from, or supply the names of, Philadelphia residents working in their suburban plants (BW—Jan. 13'45,p48). Several hearings were held and meanwhile four of the companies agreed to comply.

• **Ordered to Comply**—Last week, Common Pleas Court in Philadelphia directed the other companies to furnish the names and also to make tax returns as of July 12. The firms were not compelled to make good the taxes the city contended that they should have collected since 1940. The firms had collected the tax from employees in their Philadelphia branches but had contended that unions of employees out-

Named to Work Out U. S. Rubber Policy

What the U. S. will do with its synthetic rubber plants, most of which are government-owned, and what its policy will be toward importing natural rubber are problems which Malaya, the Netherlands Indies, and American rubber makers will have to cope with soon.

Last week John W. Snyder, Director of War Mobilization & Reconversion, moved to settle the uncertainty. He named William L. Batt, vice-chairman of WPB, to head an interagency committee on which representatives of the Navy, War, State, and Justice departments and the Surplus Property Board will sit.

One of the committee's worries will be the surplus of rubber forecast a few years from now.

Hevea expert are already gathering in Singapore to survey plantations in areas which produced two-thirds of the world's 1,300,000 tons of rubber in peacetime.

Even if they find stocks of rubber that were hidden from the Japanese invaders, plantations in good shape, and enough skilled workmen, they will hesitate to plunge into complete

rehabilitation programs so long as U. S. policy is undetermined.

Caught once by war, the U. S. may decide to keep synthetic plants in operation even though imported natural rubber is cheaper.



William L. Batt

side had threatened to strike if the companies complied.

Baldwin Locomotive Works, with a plant at Eddystone, the Westinghouse Electric Co. at Lester, and the Scott Paper Co., Chester, were the firms ordered to comply. Wilson Distilling Co. and Rohm & Haas Co., both of Bristol, and Sinclair Refining Co., Marcus Hook, and Sun Oil Co., Chester, had voluntarily given up the fight.

- **Agree to Pay**—Employees of the Philadelphia Navy Yard, after calling off a protest strike last December, went on a two-day holiday Aug. 6 and 7 to spotlight their grievances. Over 1,500 refused to work. They, too, finally agreed last week to pay the tax in instalments for the delinquent years and in the future, with the reservation that if any subsequent decision changes the status, the money would be returned.

For several months, city authorities had been arresting and fining the dissidents, and the strike was partly to protest against this. In court, Navy Yard workers from New Jersey said that they received no benefits, because they never set foot in the city proper, inasmuch as they went by ferry from the Jersey side directly to the Navy Yard dock, which

is not on city ground. They lost every case.

- **Drive for \$2,000,000**—Until last year, several federal installations refused to give their employees' names or collect the tax, but later relented to the extent of supplying the names for the city to collect. If all delinquencies are paid, an additional \$2,000,000 is expected.

What's in a Name?

BLS hopes new label for cost-of-living index will end misunderstanding of purposes. Little change is likely.

Secretary of Labor Lewis Schwellenbach has found nothing wrong with the cost-of-living index except its name and some of the uses to which it has been put. This amounts to one more pat on the back for the Bureau of Labor Statistics. BLS, which already had recommended a change of name, had no responsibility for the fact that the National War Labor Board used the index as a yardstick for doling out, or limiting,

wage increases, under the Little Steel formula.

- **Descriptive Title**—Consumer expenditure studies may be undertaken, when and if Congress provides the money, but the controversial old index is apparently here to stay. Only the name has been changed. The new label is "consumers' price index for moderate income families in large cities."

In declaring the index scientifically accurate for what it is designed to measure, Schwellenbach said, a little naively, perhaps, that "This should end the confusion and controversy caused by misunderstanding of what the index is designed to measure and by the use of the index for purposes for which it is not adapted."

Technical investigating committees had made almost precisely the same statements in 1943 and 1944 (BW-Nov.25'44,p116) but labor was unrelenting in its attacks on the index as well as upon the NWLB's use of it for wage regulating purposes. Labor's real quarrel, of course, was with the board.

- **Little Is Changed**—Schwellenbach defined the index as a means of measuring the influence of average retail prices of selected commodities and services on the cost of a fixed standard of living for an average family of moderate income in large cities. The index, he added, should not try to reflect all the other factors that also influence family expenditures as there is no way of determining statistically whether changes in total expenditures are necessary or voluntary.

As a result of the Schwellenbach inquiry, substantially nothing has been changed. If the Little Steel formula were still in use, NWLB would have undoubtedly continued to use the index, although perhaps allowing some adjustment in the formula.

- **Importance to Labor**—Periodic field studies of actual expenditures and purchases by wage earners were suggested by Schwellenbach as a more accurate method of determining the way in which families are living. A few of these have been made in recent years. They would not be a substitute for the index but perhaps would support labor's bargaining position.

If labor unions go back to "elevator" clauses, which the NWLB had virtually prohibited, they will probably still have to base them on the BLS index. Some of these clauses provided for automatic wage rises, or cuts, as the index rose or fell a stipulated number of points. Some clauses merely provided for a reopening of wage negotiations if the index showed a material change.

- **Scope Is Limited**—Any study the BLS may make of consumer expenditures in the current fiscal year will be limited, unless more money is forthcoming.

New Wood From Waste

Appalled by waste in the lumber industry, Polytechnic Institute of Brooklyn announces its development for sawmills and factories of a method to convert sawdust, shavings, and chips into hard wallboard.

- **Fast and Inexpensive**—Evolved by Dr. Donald F. Othmer (right), head of the institute's department of chemical engineering, and Warren R. Smith, research engineer, the process is surprisingly simple, quick, and cheap.

Wood waste is mixed with an undisclosed chemical (probably lignin), the mixture compressed hydraulically for ten minutes at ten tons pressure, then emerges as hardboard reputedly resistant to rot, termites, moisture, swelling, and shrinking. The same process is reported as successful with bagasse, sugar cane waste.

- **Extra Profits**—From experiments at the institute—confined to making 6-in. tiles—Dr. Othmer estimates that a ton of sawdust will yield 2,000 sq. ft. of board, that equipment costs could be so low that most sawmills and woodworking plants would be able to realize dividends from hitherto worthless material. Present manufacture of hard wallboard involves

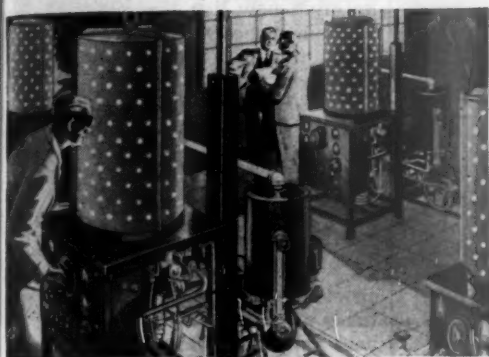
reducing whole logs to fibers before processing, a method requiring a large capital outlay for equipment.

And possibilities of the sawdust mixture for articles of varied shapes are catching the eye of manufacturers interested in pressing the "dough" into everything from walls and ceilings for prefabricated homes to picnic tableware and one-piece dories and duck boats, the institute reports.



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For instance, in the pair of glasses Patsy Ann is wearing, one lens has been treated to minimize light reflection by a process perfected during the war to hold down blinding glare on gun sights and range finders.

Thus, once again, the glass industry takes another step ahead . . . the sort of step that has led America to expect the impossible from its glass scientists; glass that won't break, glass that is flexible, glass that can be spun into fibres—a thousand miracles undreamed of a few short years ago.

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Alcohol's Troubles

Shift from molasses to grain traps the industry under a price ceiling, and end of war makes subsidy unworkable.

One of Washington's biggest headaches today is alcohol.

The trouble, both for official Washington and for the industry, stems from overexpanded capacity to produce. During the war, the industry got the raw materials that it needed because of the government's heavy demands for alcohol. But, now that the end of the war has diminished government demand, the industry is confronted with a shortage of raw material supplies.

Both the old-line industrial alcohol producers and the whisky distillers are griping.

• **Distillers' Complaint**—Whisky distillers, for example, complain that after being excused from the production of war alcohol, the Dept. of Agriculture will allow them only enough grain to operate six days a month. However, distillers are talking in terms of the 24-hour day which they have been accustomed to working during the war, instead of the eight-hour prewar day.

Actually, the amount of grain which they are now allotted monthly is roughly in line with the amount which the somewhat smaller industry consumed in an average month in those years when it operated only seven or eight months out of the year—as it ordinarily did before the war. In some cases the amount of grain is actually greater than what was used in such an average month.

• **Away From Molasses**—The industrial alcohol industry's future is complicated by the shift from low-cost molasses to high-cost grain as the principal raw material. The shift was occasioned primarily by the soaring demands for alcohol.

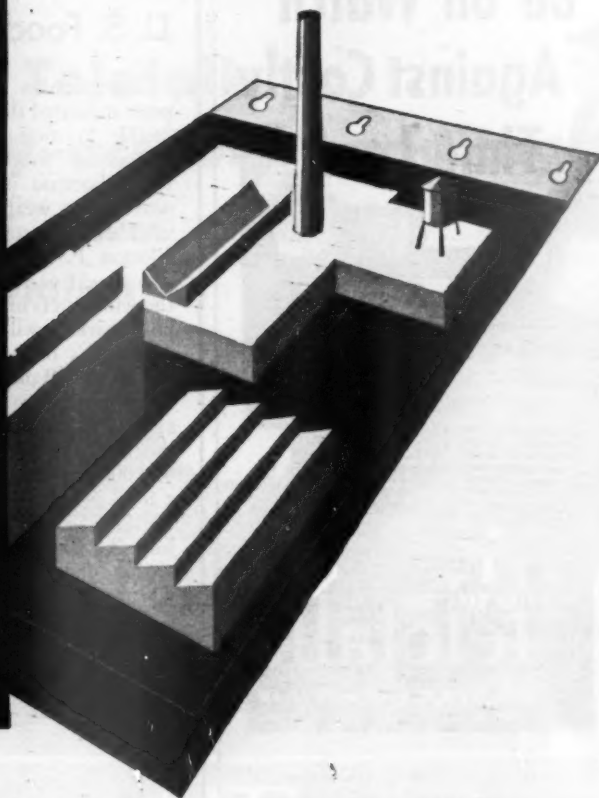
Using grain instead of molasses, the industry has increased its costs to the point where it could never sell at the price ceiling of 48¢ a gallon which OPA set on all fermentation alcohol, regardless of source, were it not for a subsidy from Defense Supplies Corp.


• **DSC's Method**—DSC bought all the alcohol at a price sufficient to cover producers' costs and a fair profit. The part of the output that was destined for regular commercial users was resold at the OPA ceiling price. The part that went into the government's rubber program, to lend-lease, and to the military was sold at a price high enough to offset DSC's losses on the commercial sales.

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U. S. Food Crops Show Sensational Gain

Two months ago the crop prospects indicated that farmers would be unable to increase next year's production of meats, milk, and eggs. Now, because of sensationally improved crop weather, the question is whether Secretary of Agriculture Clinton P. Anderson wants an increase next year. Probable prices and the willingness of government to support markets will be a big factor in Anderson's decision.

• **Into the Bumper-Class**—The September crop estimates put practically all the food and feed crops in the bumper class. A boost of 225,000,000 bu. raises corn prospects to a total of 3,069,055,000 bu. against the 2,685,328,000 bu. estimated in July. Last year's corn crop was a record one, producing 3,228,361,000 bu.

With a banner crop of oats and good crops of other feed, the Dept. of Agriculture points out that the supply of feed grain per animal unit for the 1945-46 season now promises

to be the largest in 25 years of government record.

The department adds that the corn crop may exceed the September forecast if killing frost holds off, but that an early frost would reduce the current estimate. In the latter case, also, a large proportion of the harvested corn would be soft.

• **Food Grain Record**—Food grain production now surpasses the tonnage produced in any other year by more than 2,000,000 tons. Even rice is a record crop despite heavy loss from the Texas hurricane, and spring wheat production is the largest since 1928.

The department summarizes: The volume of the 1945 harvest (all crops) indicated on Sept. 1 would equal the total production of each of the two outstanding years, 1942 and 1944, and would be 8% above 1943, 11% over production in any other year, and 24% above the 1923-32 "predrought" average.

Here are the prospects:

Crop	Actual 1944	Production (in Thousands) Indicated	
		July 1, 1945	Sept. 1, 1945
Corn, bu.	3,228,361	2,685,328	3,069,055
Wheat, bu.	1,078,647	1,128,690	1,152,270
Oats, bu.	1,166,392	1,418,993	1,575,356
Barley, bu.	284,426	255,671	277,697
Rye, bu.	25,872	27,327	27,883
Flaxseed, bu.	23,527	32,728	35,345
Rice, bu.	70,237	74,784	71,840
Sorghums, bu.	181,756	116,348
Hay, tons.	97,980	101,156	104,393
Beans, dry edible, 100-lb. bags.	16,128	15,052	15,370
Soybeans, bu.	192,863	202,589
Peanuts, lb.	2,110,775	2,263,360
Potatoes, bu.	379,436	408,034	432,895
Tobacco, lb.	1,950,213	1,890,328	1,999,328
Sugar Cane, tons.	6,148	6,840	6,976
Sugar Beets, tons.	6,753	8,919	9,403

military requirements, and commercial needs have increased. Under that circumstance, the subsidy plan becomes unworkable. But the 48¢ price ceiling still remains, while the industry protests that if molasses is not made available to it, the price will have to rise at least to 75¢ or 80¢ a gallon to cover the higher production costs resulting from the use of grain.

• **Two-Price System?**—One solution to the problem is to inaugurate an outright two-price system. Under this plan, such molasses as is available would be channeled by a continuance of WPB controls into the production of alcohol for normal commercial uses; this alcohol would then be sold at the present

OPA ceiling or somewhere thereabouts.

This would confine procurement of alcohol for synthetic rubber to the grain alcohol plants—and at a considerably higher price, but not so high as when rubber and munitions programs also had charged against them the cost of grain alcohol that went into commercial uses, now to be served wholly by molasses.

Meanwhile the grain alcohol pinch is being rapidly relieved as greater supplies of lower cost butadiene become available from the petroleum industry. Slow to get rolling, the petroleum program is at last beginning to yield big production figures. As a consequence this week, the Reconstruction Finance

Teletalk speeds pay-account handling

**At this U. S. Naval
Training Station**



Teletalk master station in Disbursing Unit I, U. S. Naval Training Station, Newport, R.I., and Lt. (jg) Martha M. Hosinski, Wave disbursing officer, and William L. Donaldson, Storekeeper 1c, of the disbursing office.

Two 12-station Teletalk Systems speed operations at the U. S. Naval Training Station, Newport, R. I. One is in the Commanding Officer's office; the other, one station of which is shown above, is in Disbursing Unit I.

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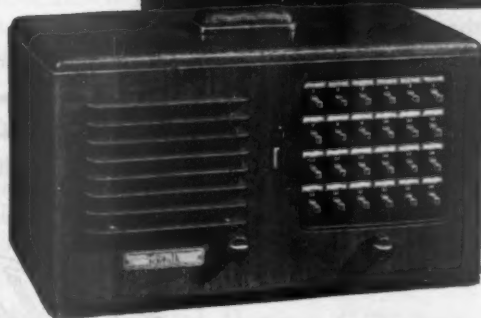
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Corp. shut down the \$25,000,000 grain alcohol plant in Louisville, which was operated by the Carbide & Carbon Chemicals Corp.

• **Government Capacity**—However, the pressure for continuing the operation of four government-owned grain alcohol plants in the Midwest to supply synthetic rubber needs is being applied by George Johnson, president of the Farm Crops Processing Corp., which operates the plant at Omaha.

Johnson confirmed reports that whisky distilling interests had sought to purchase the corporation's stock (BW-Jul.7'45,p16) as well as to buy alcohol produced at Omaha, but stated that the offer had been rejected by the board of directors.

FPC's Big Bite

Investigation of natural gas industry is so broad that commission may find itself with more than it can chew.

The Federal Power Commission bit into what it thought was a nice, tender hamburger last spring when it announced plans for an over-all investigation of the natural gas industry, but it looks as though it has its teeth in a live, kicking steer.

• **Full House Expected**—What started out to be just another investigation of this industry (it already feels right at home in a goldfish bowl) now seems to involve the oil industry, the coal industry, the railroads, the U. S. Navy, United Mine Workers, the Petroleum Administration for War, the Securities & Exchange Commission, the Justice Dept., the Interior Dept., the Federal Trade Commission, and the governments of a dozen gas-producing and gas-consuming states.

First hearings, postponed since last May to give interested parties time to prepare their cases (BW-May5'45,p46), will begin in Kansas City, Sept. 18. FPC expects a record turnout, including a host of "interested observers," taking notes for their home offices. FPC considers this initial hearing so important that all its members will attend the opening sessions.

• **Broad in Scope**—The inquiry will cover five major points: (1) What natural gas reserves do we have? (2) What is current production? (3) How is gas being used? (4) What are the waste problems? And (5) what technological research has been made which would reveal advantages of using one fuel over another?

The scope of the inquiry is so broad

that it is certain to involve several other industries, notably oil. FPC has denied that it has any intention of going into questions of oil production or end-use, but high officials handling the investigation say privately that they can't help getting into oil. More than half of the companies which produce natural gas also produce oil; the two industries produce in the same fields and sell in the same markets, and it would be virtually impossible to investigate one without dragging in the other.

• **Subject to Call**—The oil industry is not asleep. The Petroleum Industry War Council and the American Petroleum Institute will have observers at Kansas City, but they intend to take no part in the hearings unless called on for testimony. They have been told by the FPC that they are subject to call under several of 107 topics listed for inquiry.

FPC has been criticized for undertaking such a sweeping investigation. The commission asked Congress for funds to conduct the probe and when turned down chose to go ahead on its own hook. Some officials apparently think now that they may have bitten off more than they can chew.

Reports persist that FPC Chairman Basil Manly, a veteran of more than 30 years of public service, is ready to resign, and that the gas investigation is one of the reasons.

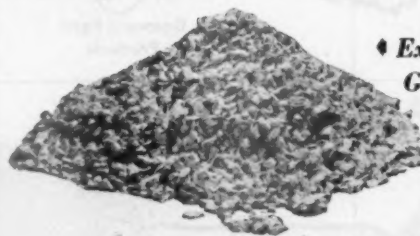
• **Up to Congress**—To avoid further criticism that it is overreaching its jurisdiction, the commission plans to submit all its findings to Congress, and let Congress be the judge as to whether FPC should have control over gas and oil production and their end-uses. How long it will be before the report gets to Congress is anybody's guess. The regional hearings in gas-producing states are scheduled to be concluded by Jan. 1. Then the commission will go into the consuming states, which will require another three or four months.

Following that, national hearings will be held in Washington. Then the commission will compile and analyze all information obtained for submission to the Senate Interstate Commerce (Wheeler) Committee, and the House Interstate & Foreign Commerce (Lea) Committee. It is a good guess that Congress will not receive the commission's report until late next year or early in 1947.

• **FPC Power Challenged**—As the Kansas City hearings open, here is what is expected to happen:

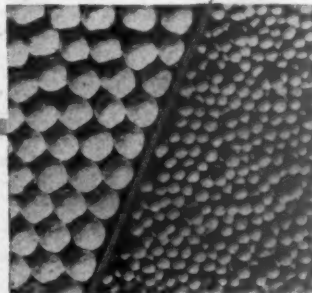
(1) The gas industry will have an elaborate presentation, covering everything from production to end-uses, which has been prepared by E. Holley Poe, former chief of the PAW natural gas division, who has been retained by

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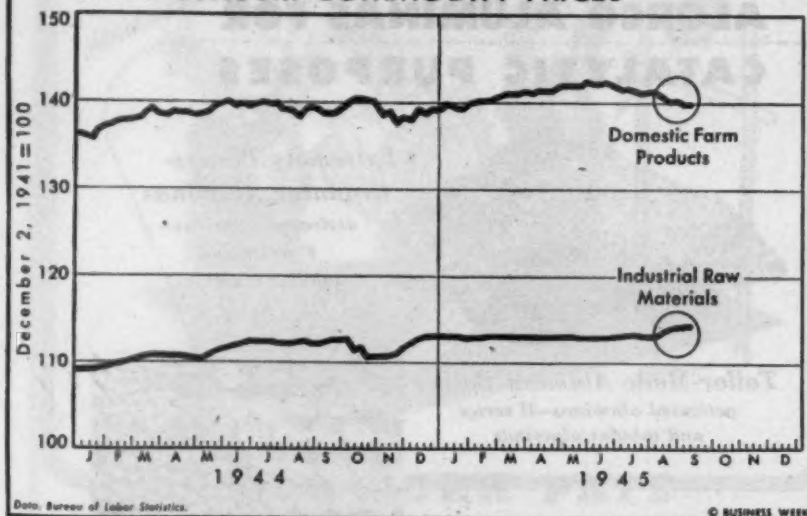
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IN THE OUTLOOK: COMMODITY PRICES



The steadiness of commodity prices in the four weeks since the war's end is significant as an indicator of the balancing of inflationary and deflation pressures. A decline in quotations on steers is the single cause behind the move in farm prices; flaxseed and barley have gone up a bit but most other prices have not changed. Rosin is the factor in the industrial price rise, steel scrap, non-ferrous metals, print cloth, and rubber quotations being unchanged. Indeed, ceilings will prevent any substantial upward move in prices, so the firm levels in commodities may be judged to bespeak a strong business undertone.

the gas people to handle the case. Poe will claim that the FPC has no power to regulate production or end-use, and that such matters should be left to the judgment of Congress. He will urge that the gas industry be allowed to operate on its own for a while, since all major pipeline companies have been operating under trying wartime conditions, with the War Production Board virtually dictating their activities.

For example, Panhandle Eastern Pipe Line Co., a major natural gas producer, assigned to eastward transportation lines more than 55,000,000,000 cu. ft. of gas during war years to serve war industries and domestic consumers who were without adequate supplies when the Appalachian field was unable to produce enough to meet requirements. Poe says that Panhandle could readily have sold the gas for midwest industrial uses at a much greater profit.

(2) The oil industry, if asked to testify, will contend that production of oil and natural gas is an inseparable operation, and that end-uses are so closely related that the commission could not regulate gas without applying the same regulation to oil.

(3) The coal industry will contend that gas should not be permitted to enter regions where coal is produced and used as fuel, because coal should have

the local market. However, the commission feels, one investigating official said, that coal will decline in utility and price as new scientific industrial and domestic uses for other fuels are developed, regardless of whether gas goes into coal regions. The commission apparently is not going to pay much attention to the coal people.

(4) The railroads, siding with the coal industry, will argue that much of their freight revenue is derived from transportation of coal, and that they would be dealt a serious blow if gas and oil continue to go into areas where major fuel demands have been or may be supplied by coal.

(5) The United Mine Workers will urge that utilization of coal be continued in all possible areas, in order to keep miners at work.

6. The Navy probably will not appear formally, but more than 90% of the fleet is now powered by diesel oil, and a high-type diesel oil can be made from natural gas. The Navy wants to be sure there is plenty of natural gas for the fleet, for many years to come. Many merchant ships also are diesel-powered.

(7) Several U. S. agencies, including the Interior Dept. (through the Bureau of Mines and PAW), the Justice Dept. (because of its investigations of natural gas practices), the Federal Trade

Commission (which has conducted comprehensive natural gas investigations), the Securities & Exchange Commission (which has been looking into various phases of the gas picture for more than ten years), and other federal units which have delved into the gas situation, will be called upon to furnish all information they now have available.

(8) A number of state governments are involved. Texas is expected to make a strong case to keep gas moving into interstate markets. Louisiana will argue, on the other hand, that gas should be kept within the states where it is produced, for use of citizens of those states. The position of other states is undetermined, but FPC has received letters from a dozen or more which want to appear to argue the question whether control of gas is a state or federal right.

Western Oil

Discovery of new reserves in Rocky Mountains brings plea for modification of federal rules governing public land leases.

Discovery of new oil reserves in the Rocky Mountains and particularly in Colorado and Wyoming has resulted in demands by oil men for modification of the national leasing policy.

• **Brake on Production**—Oil and other nonmetallic minerals on the public domain have, since 1920, been subject only to lease, and the oil men charge this policy was deliberately manipulated, up to Pearl Harbor, to hold back Rocky Mountain oil production.

The O'Mahoney act of 1942 provided a flat royalty of 12.5% for the government on any discoveries on the public domain made during the emergency; the standard royalty had been 12.5% to 32%, dependent on volume of oil, the maximum being reduced to 25% early in 1945.

• **Would Broaden Leases**—There is no doubt the flat rate, together with the demand for oil, played a big part in the Rocky Mountain development; but the oil men say uncertainty and slowness of rulings by the Interior Dept. still handicap discovery and development.

Hearings have just been held throughout the Rockies by a Senate Public Lands Committee subcommittee on a new bill by Senators O'Mahoney and Hatch which would simplify administration, raise the acreage limits that could be leased to any one operator in any one field or state, provide a minimum advance royalty of \$1 an acre a year, and provide that new discovery



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The Radar was used in night action off Savo Island in the Solomon Island group on October 11-12, 1942. During the engagement, six Japanese warships were sent to the bottom.

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in an old field would give the whole field the status of a new discovery. Oil men further want it amended to provide a flat royalty of 12.5%, in line with state policies.

• **Fields Expanding**—As to discoveries, that of Rangely, Colo., in the northwestern part of the state, is considered solid and growing, with the limits of the field extended almost weekly by a new well. The major oil companies are feverishly drilling, and Rangely and nearby Craig, terminus of the Denver & Salt Lake R. R., are genuine oil-boom towns. One estimate is that—provided the field holds up—800 wells will be drilled.

A 10-in. pipeline is being laid from the field to Wamsutter, Wyo., 150 miles distant, by Utah Oil & Refining Co., a subsidiary of Standard Oil of Indiana. It will cost \$1,250,000 and will connect with present pipelines. The field is at 6,200 ft. and the bottoms of the wells are just at sea level. Nearby Wilson Creek is at 10,000 ft.

• **Drill in Wyoming**—Exploratory drilling is also going on all over central Wyoming and eastern Colorado. Colorado, so far as major oil production is concerned, has been "always a bridesmaid, never a bride."

A field was discovered at Florence in 1862. Since then there has been recurrent excitement, but always recurrent disappointment. Now the state hopes at last it has a real major field.

LION'S SHARE

Haile Selassie, Emperor of Ethiopia, has twice offered the riches of his country to Americans.

Abandoned in the mid-thirties by the League of Nations, Selassie tried to bargain the mineral wealth of Ethiopia for arms—but the U. S. State Dept. intervened as Mussolini's armies were set to invade the country.

Today, returned to power by Allied arms and braced by advisory staffs and economic and financial aid from the U. S. and Britain, Selassie has granted the Sinclair Oil Corp. a concession to develop oil resources with the proviso that a part of the profits be spent on bettering the lot of the subjects of the Lion of Judah.

Sinclair receives all rights to explore, extract, and sell any oil found in the 350,000-sq. mi. country. The government receives a royalty, the rate of which is to rise after five years. Sinclair agrees to train groups of Ethiopians in the U. S., and to build schools and hospitals out of part of the profits.

The agreement also provides for the building of a refinery in Ethiopia, if and when internal consumption warrants such an investment.

Coastal Drilling

Magnolia Oil Co. leases 129,025 acres extending 30 mi. into the Gulf of Mexico; deal will test authority of 1938 law.

Improvements in artillery over the years may indirectly net millions in revenue to the State of Louisiana. The state has leased to the Magnolia Petroleum Co. 129,025 acres of land extending 30 mi. in shallow water from the Gulf of Mexico boundary. Claim to the land rests on an untested 1938 law which asserts that the state may exert "exclusive authority" for the 30-mi. zone of modern cannon.

State Gets \$660,597—A tradition dating from the 18th century established 3 miles as the limit of national authority. Others guess that that was designed to extend beyond the range of the cannon against enemy ships. Norway and Sweden have four miles, France and Spain six. A real measure of authority is what other nations will accept. The U. S. government may conceivably express an interest in the Louisiana claim, since it would be called upon to defend it if it is violated by another nation.

The strip along Louisiana's boundary is 650,000 acres which geologists believe may contain a bonanza of unproduced oil. For the Magnolia lease the company receives \$660,597 in cash, plus one-half of that sum annually in rent for one year and until drilling starts, plus a 1/8 straight royalty and a 1/8 overriding royalty.

Other States Watching—Oil men are very interested because, if the deal goes through, it may be the key to opening up millions of new acres of oil land. Other states having coastal waters which might contain oil are watching to see what happens in Louisiana. California, for example, is trying to tighten out drilling on its tidelands (ENR—Dec. 2 '44, p. 32).

The federal government once put its own claim on the tidelands, only to be rejected off by congressional committee. Approval of a resolution giving states a claim amounts to a quit claim on their submerged lands. The question now is how far this quit claim extends.

Only Three Bidders—Magnolia's confidence that there will be no trouble was demonstrated when the company offered its lease a figure more than five times the bids of Superior Oil Co. and the Oil Co., the only other firms participating.

Furthermore, the company itself conducted much of the geophysical examination over the submerged area.



Another Peace Conference

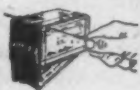
For the first time in twenty-five years department heads of the Finchbuhl Corporation sat down to an amicable monthly meeting. All reports were in on time...in simple readable form...with all the pertinent facts...it was the *Fifth* of the month.

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the 'original' media...Unit analysis played its part giving understandable, quickly usable, year to year and month to month comparisons.

Indeed it was a peace conference and many similar ones will follow in the months ahead.

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Nisei Face East

Hostility on West Coast turns many Japanese-Americans, now footloose, away from their former homes to start new life.

They knew it was coming. Yet when the Army's proclamation went up on the bulletin boards last week, anxious Japanese and Japanese-Americans pressed close to read it.

"All individual exclusion orders . . . are rescinded."

• **End or Beginning?**—To the 53,000 people still in government relocation centers (BW—Jul. 18 '42, p. 19), that was the end of the global war. But was it the beginning of another war, a personal, guerrilla-type campaign in which the accident of birth might prove their vulnerable spot?

All these people, save those who have proclaimed their loyalty to the emperor and are held for repatriation or expatriation by the Dept. of Justice, were free now to return to the Pacific Coast. Travel elsewhere in the continental United States had not been prohibited.

• **Citizens Organize**—The 462 who left Hood River, Ore., in 1942 for the protection of the relocation centers were free to go back—if they were willing to risk it. At Hood River a "citizens' committee" has been incorporated with the avowed purpose of preserving, encouraging, and perpetuating "Americanism."

It was at Hood River that an American Legion post attracted national attention by removing from the town's memorial roll the names of 16 fighting sons who happened to be of Japanese extraction.

A less subtle welcome awaits the Nisei (pronounced nee-say) who left Gresham, Ore., a few miles down the Columbia River from Hood River. At Gresham has risen an incorporated society which frankly calls itself the Japanese Exclusion League.

• **Persuasive Reasons**—Hood River and Gresham and the Remember Pearl Harbor League in Seattle (BW—Oct. 28 '44, p. 32) are isolated examples of West Coast sentiment toward the Nisei (American citizens of Japanese ancestry), Issei (alien Japanese), and Kibei (American-born Japanese who have received either all or a part of their education in Japan).

But these evidences of hostility, together with about 40 reported manifestations of vigilantism, constitute persuasive reasons for the 113,000 who lived on the Coast at the outbreak of the war

to seek a healthier climate in which to establish themselves now.

• **Half Won't Return**—The War Relocation Authority, which has maintained a sort of protective custody over them, doubts if more than half of the 113,000 evacuees will return now to the Coast.

At the last national checkup, before the Army retired from the scene last week, WRA found that 9,150 had gone to Illinois (the bulk to Chicago), 3,170 to Colorado, 3,005 to Ohio, 2,714 to Utah, 2,123 to Michigan, 1,851 to Minnesota, 1,755 to Idaho, 1,515 to New York—greater concentrations of persons of Japanese extraction than these states had ever known.

• **Figures Outdated**—These figures, although they illustrate a major trend away from the inhospitable area, lag far behind the actual movement, for they show that only 3,256 have returned to California, whereas the up-to-date total is closer to 15,000.

California had a 1940 population of 93,717 persons of Japanese ancestry, 74% of all in the U.S. Washington (state), which had 14,565 in 1940, had about 1,500 now. Oregon probably had



A common experience of returning Nisei is that of Takeo Miyama (arrow). A.F.L. mechanics in San Francisco's municipal garage refused to work with him, argued that veterans should fill city jobs. Mayor Roger Lapham's plea for Miyama was bolstered by a veteran (above) who told of heroic deeds of foxhole Nisei. The upshot: The mayor talked the mechanics—and Miyama—into staying on the job.



Who the heck knows me ...

way up here in Owassatowahie? ... Boy, is that a wonderful sensation? Just as if you were Mr. Addison Sims of Seattle, in Seattle! Particularly if you lug a sample case of something to sell! ... When you find the old familiar package face to face on a strange shelf—and salespeople who never knew a PM have a kind word for it! Or a chain manager admits "It's going okay here!"

A lot of products that were once old standbys have been short and shy these last three years. A lot of once good dealers have done very well without them! When GI orders are filled, can you go back to the GP (General Public)? Switch from the QM to stock clerks and salespeople ... without the stony stare?

Re-sell them with a smile in the Metropolitan Group Sunday comics

sections that everybody sees, from Sears to soda jerkers, high execs to hatcheck girls. Say hello to 15,000,000 families—and at the same time, to the folks who sell and serve them! In hundreds of major markets, at once—you name it, and we have it! Get that Sunday comics habit—75% of adult Sunday paper readers, plus 98% of the kids—holding up the banner for you NOW! So you'll have a market that says "Welcome, stranger," and not "nothing today," when you start back to selling! ... Metropolitan Group Sunday comics are low cost group insurance for customer re-conversion, in quantity, and quick! ... Call the nearest MG office—soon ...

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"The Sales Department is having its face lifted"

In many an office during the war, the Sales Department became a drafting room or served some other emergency purpose. Now, with re-conversion in the air, salesmen are beginning to think they have a future. So, many an office manager is now wrestling with problems of restoring pre-war order. If you're in that boat, signal the pilot known as

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fewer than 1,000 of its prewar population of 4,071.

• **Tragic Chapter**—Wartime exclusion from the Coast was a tragic chapter in the lives of loyal American citizens of Japanese parentage, though probably less tragic than if they had been exposed to the hostility which blazed in the Pacific states.

The Nisei were uprooted indiscriminately with the Issei and Kibei. They were given time to sell or lease their homes, farms, and business properties. But the cards were stacked against them; their homes and businesses became distress properties and rarely brought anything close to top value.

• **Temporary Shelter**—While the WRA was building the ten relocation centers in the West, the evacuees were massed to await transferral, in temporary shelters at 15 assembly centers, in such places as California's Santa Anita and Tanforan racetracks.

Largest of the relocation centers is Tule Lake, Calif., which at its peak held 18,762 evacuees. It is the most publicized because it is also a segregation center for trouble-makers from all the other camps.

• **Centers Listed**—Others with the maximum populations are:

Colorado River, Parker, Ariz.....	17,800
Gila River, Sacaton, Ariz.....	13,300
Heart Mountain, Cody, Wyo.....	10,700
Manzanar, Calif.....	10,000
Minidoka, Hunt, Idaho.....	9,300
Jerome, Dermott, Ark.....	8,400
Rohwer, McGeehee, Ark.....	8,400
Central Utah, Delta, Utah.....	7,900
Granada, Lamar, Col.....	7,200

The Jerome Center was closed in mid-1944. The others, with the exception of Tule Lake, will be closed by Dec. 15, according to WRA's present plan for going out of business.

Tule Lake probably will survive for a time as a detention center until the Dept. of Justice is able to deport the Japanese loyalists (they are fewer than 10,000 and include about 5,000 American citizens).

• **Voluntary at First**—One of the WRA's toughest jobs has been convincing its critics that relocation was not a detention program. When the Army decided early in 1942 that the presence of Japanese on the Coast was a military hazard, all were given an opportunity to leave voluntarily. At the end of a month only 18,000 had gone and many of these had merely moved eastward without leaving California, Oregon, and Washington.

Evacuation, which was then made compulsory, was completed by the end of 1942.

• **Leave Granted**—Nisei evacuees who could demonstrate financial responsibility were granted leave from the relo-

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on centers. They had to stay away from the military security zone on the east and keep in touch with the WRA through its field offices so that they could be located immediately in event of any racial outbreak. Some were permitted to accept such temporary jobs as harvesting sugar beets outside the centers and to return when the jobs were finished. Others who were able to find permanent jobs were released outright. Last December, when the Supreme Court decided that mass exclusion of Nisei from the Pacific Coast was unjustified (BW-Dec.30'44,p19), the Army lowered the bars and a thin trickle of returning evacuees began. But the Army continued to exclude individuals for cause. Last week's proclamation rescinded all the individual exclusions.

Potato Depository

Price support program of government provides increasing tonnages for the D. of A.'s big cave at Atchison, Kan.

Seventy-five carloads of 1945-crop potatoes have been put in the famous Atchison (Kan.) cave which the Agriculture Dept. leased last year (BW-Jul. 15'44,p17) when commercial food storage was supposedly scarce. A thousand cars are scheduled to roll into the cave during the next two months.

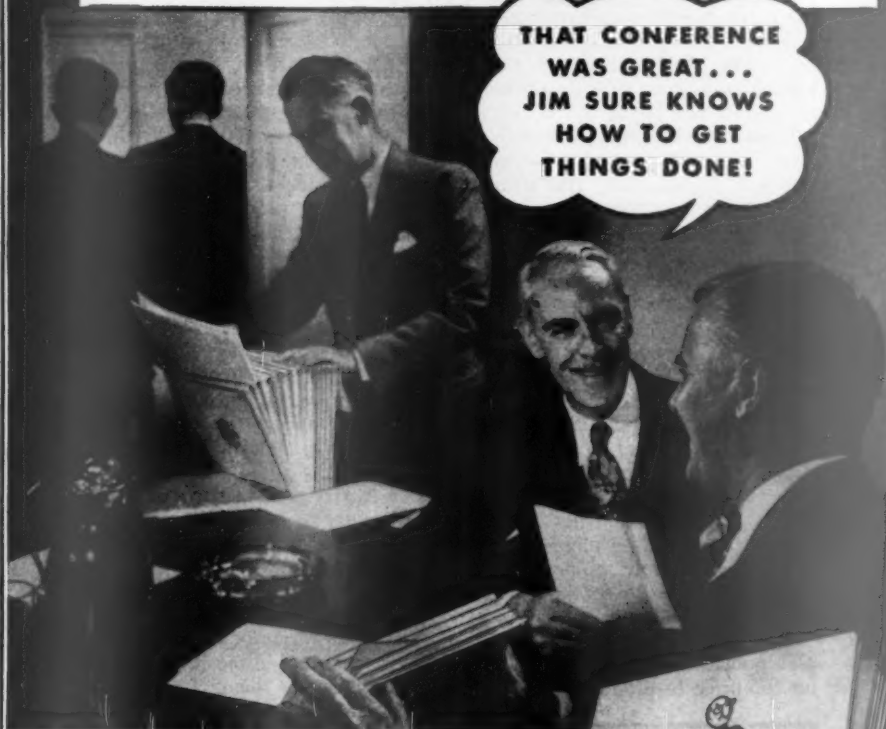
Eggs were in the cave until recently, but now only spuds occupy the air-conditioned space into which whole freight cars can be rolled. The leasing of the former limestone mine was really an elaboration of a proposal to haul perishables high into the Rocky Mountains for storage in abandoned camps of the Civilian Conservation Corps.

• **Virginia Says "No"**—At one stage, government officials were negotiating the leasing of scenic caves in Virginia, but commonwealth authorities decided the tourist business would be more profitable, continuing long after the federal government was out of the storage business.

Department officials also think there would be less criticism of the Atchison deal (BW-Mar.3'45,p55) had the agricultural publicists done a better job of informing the public, pointing out that long before we got into war England was storing fish and other edibles in abandoned mines.

• **Maybe Never**—Anyhow, potatoes are now in the Atchison cave—and department officials don't know when the spuds will come out. Maybe never, for human food, unless prices are a lot better than those on recent markets which

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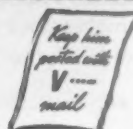
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BW-8-15

have compelled the department to buy large tonnages in support of prices to producers.

A good many 1945 intermediate-crop potatoes have been bought by the department for manufacture into starch and dehydrated spuds that may ultimately be sold for livestock feed (few human consumers here or abroad fancy the waterless tubers).

• **Consumer Reaction**—The fall potato crops are 25,000,000 bu. or so above last year's production, and already the department has found its farm price support higher than the prices consumers are willing to pay for potatoes.

The government buyers say that American housewives apparently are becoming price-conscious, going for the lower-priced No. 2 potatoes instead of the No. 1 stock. They say that this price-consciousness may spread to other farm commodities, contributing further to the cave stocks of Atchison.

• **Cost Calculation**—Government accountants figure that the more stuff put into the cave the smaller will be the unit storage cost, possibly justifying the cost of leasing and equipping the cave by comparison with commercial storage rates.

When the department bought surplus potatoes in 1943 in order to hold up the price to producers and consum-

ers, the loss on the transaction was more than \$20,000,000. Little more than the cost of dehydration was recovered, to say nothing of the original cost of the potatoes.

• **Beet Processors Placated**—Some of the potatoes were sold at a profit to distillers. A part of the loss to the government was written off in terms of pacifying the operators of idle sugar beet plants, which dehydrated the potatoes under contract with the government. This softened a little the gripe of the sugar beet processors over reduction in sugar beet acreage. At present a proposal to process surplus potatoes in sugar beet factories for glucose is under consideration.

Some department officials wanted to let the market price of potatoes decline to the point where the surplus would move into human consumption, and to pay producers the difference between this price and the guaranteed price to growers.

• **A Matter of Legality**—But department lawyers said that this would be illegal; that the only thing legal would be for the government to buy the potatoes at the support price and then resell them at a loss.

The government buyers are hazy as to eventual disposition of this year's surplus now being bought and stored

by the department. They figure money loss may be as much as \$30,000,000 unless market supplies become short of demand before the early potato crop gets rolling next spring.

It's a cinch that the department will be asking growers to plant fewer acres of spuds next year.

Atlanta Bulwark

New General Motors and Ford plants will be the largest employment cushions. Variety of new industry is expected.

War's ending has brought high hopes to Atlanta, "gate city" of the South.

A swift series of announcements by some of the nation's larger manufacturing industries came during the closing days of the war to bulwark Atlanta's hope for a rapidly expanding economy and a minimum of unemployment.

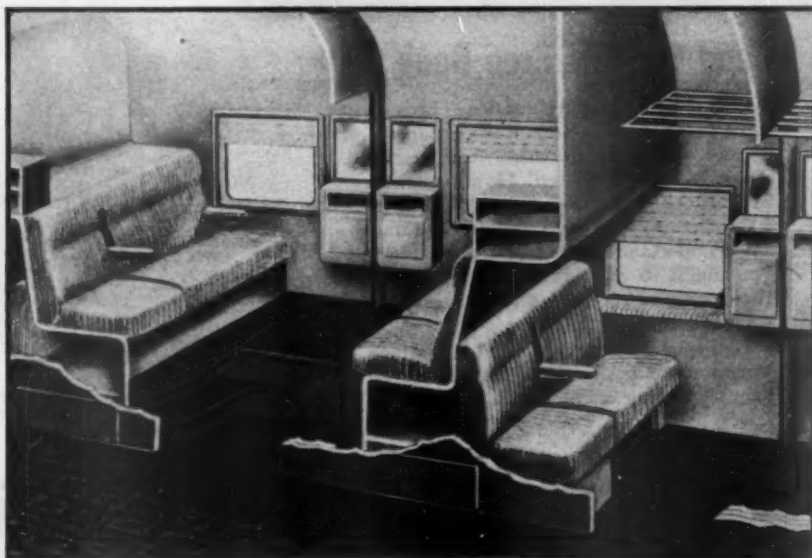
• **Automotive Expansion**—Ford Motor Co. and General Motors have promised the city huge new assembly plants. Relaxation of controls on industrial construction has brought these projects much nearer actuality; dates for beginning construction may be announced soon.

Chevrolet's assembly plant already has terminated military production, is turning out trucks for civilian use, and hopes to be in production of automobiles shortly. The Fisher Body Co. plant will resume production as soon as its "borrowed" facilities are relinquished by Firestone Tire & Rubber Co.'s aircraft division, probably within less than 30 days.

• **Paint and Glass**—Other industrial developments have strengthened the city's hopes. Du Pont has disclosed plans for erecting an Atlanta plant to manufacture paints and finishes, especially for the automotive industry. Owens-Illinois Glass Co. has purchased a big tract of land and will construct a big glass container plant. Crown Cork & Seal acquired property and will build a plant to manufacture metal closures for containers, as well as filling and crowning equipment for the soft drink industry. Kraft Cheese is planning a cheese plant there, and Sherwin-Williams has sent engineers to look for a site for a paint factory.

These are only a few of the plans in the making. Numerous locally owned industries, spurred by the activity of the national companies, have blue-printed expansion programs to begin at once.

• **Jobs for 49,000**—The area Committee for Economic Development surveyed



ALWAYS ROOM FOR A FEW MORE

Still another challenge to Pullman, this time in low-cost train-travel service, is the "Budgette," newest all-room sleeping car designed by Edward G. Budd Mfg. Co. Unlike Budd's "Cabin Car" announced earlier (BW—Jun. 16'45, p17), which accommodates only 22 passengers, the Budgette provides private rooms for 32. It does the trick by elevating alternate groups of two rooms each. This allows a portion of the adjacent lower seats to swing under the higher ones to make sleeping quarters for an additional five persons on each side of the car. Construction of the sleepers will get under way this fall.

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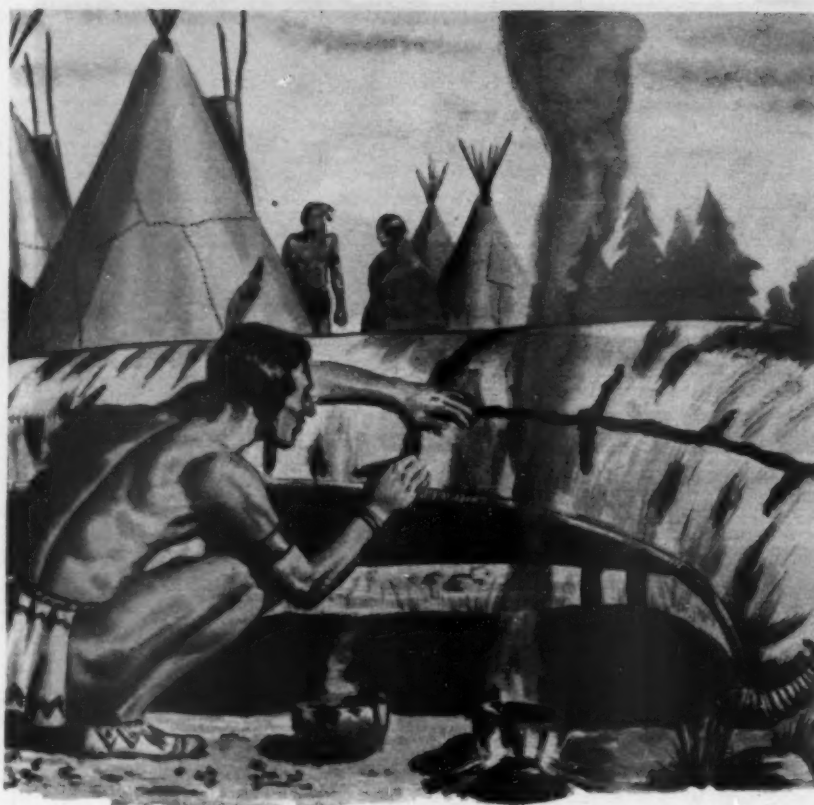
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Cat and Dog Index

The city of Los Angeles has discovered a new indicator of the level of business activity—the number of stray cats and dogs picked up on the streets. Normally, the four city animal shelters gather in 2,000 stray dogs and 4,000 homeless cats each month. Times have to be really piping to get the average below that.

Since V-J Day these figures have practically doubled, so that the city has a monthly 4,000 dogs, 8,000 cats on its hands, plus miscellaneous pets of all kinds, abandoned by war workers leaving town. They are reported by neighbors, gathered in, and sold at reasonable prices to people who will take them away and give them new homes.

the Atlanta district, found that manufacturing interests in the metropolitan Atlanta area—Fulton, Cobb, and DeKalb counties—will be able to provide jobs for 30% more employees than in 1940. Specifically, it said the plants would offer jobs to 49,000 as soon as normalcy is restored. The committee's figures did not include employees of the huge Bell Aircraft Corp. bomber plant at Marietta or Firestone's aircraft division.

The question most frequently asked, even before the Bell plant (22,000 employees) was completed, was: "What's going to happen to the bomber plant after the war?" The question is as yet unanswered. Firestone soon will release about 1,800.

New industrial projects are expected to absorb many of these workers. The Ford assembly plant and parts depot will employ several thousand, and an ultimate employment of around 12,000 has been forecast for the complete General Motors operations, including the Chevrolet plant and the new plant which will assemble Buicks, Pontiacs, and Oldsmobiles.

• **New Market Center**—Plans are in the works for the development of an important clothing market in Atlanta. Announcement has been made of a large joint furniture and clothing market building. Developing of important new food processing industries now appears a certainty within the next twelve months, thus overcoming a marked handicap of this area—failure to process its own raw commodities. At least five electric appliance manufacturers have plans to set up operations in the Atlanta area, and fifteen furniture manufacturers are eying the section with a

view to opening factories. Blueprints are being drawn for expansion in textiles, hosiery, woollens, and rugs, despite some gloom in these fields at the present.

Atlanta's progress will not be independent of that of the rest of the Southeast. Long a distribution center, Atlanta has the advantage of being able to build on accumulated assets. The area has more than 150 branch manufacturing plants now, about 1,000 distribution and warehouse operations, and around 2,000 offices for selling and service.

• **Rapid Expansion**—The southern regional market has expanded vastly in the last two decades. In Atlanta alone, retail sales climbed from \$165,106,972 in 1929 to more than \$284,000,000 in 1944. Value of manufactured products in the city rose from \$136,947,488 in 1929 to \$165,729,836 in 1939. Millions more have been added to the value during the war years.

With the largest pool of skilled labor it has ever possessed, Atlanta is looking forward to a wider range of manufacturing. Wage levels have been rising consistently over a period of years, and regional differentials in wage rates are disappearing.

Atlanta is planning a vast expansion of its airport facilities, and the city is awaiting a final report on a current survey of the economic feasibility of developing the Chattahoochee River—for navigation between Atlanta and Columbus.

• **More Exports Sought**—The area is planning to expand foreign trade. It plans to export cotton gin parts to South America; cosmetics to South Africa and Central America; hosiery, stoves, shoe laces to Cuba; drugs, sundries and machinery to Mexico; chemicals to Central America.

All is not sweetness and light, however, in Atlanta's future. Signs of labor unrest already are appearing. The city must overcome, as Georgia's Gov. Ellis Arnall says it will, its poor job of marketing its raw materials. It faces the need of increasing investment of Atlanta capital in Atlanta industry.

The city has established a metropolitan planning committee to recommend an urgently needed public works program and to serve also as a bond commission. In the blueprint stage now is an \$85,000,000, plaza-viaduct plan with elevated highways entering the city over railroad tracks.

Financially, Atlanta is making progress. The present municipal administration has reduced bonded indebtedness from \$13,980,000 in 1937 to \$7,565,000. The city pays its bills in cash and finds credit, when needed, easy to obtain.



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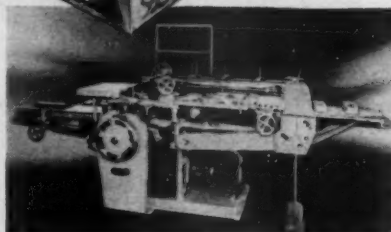
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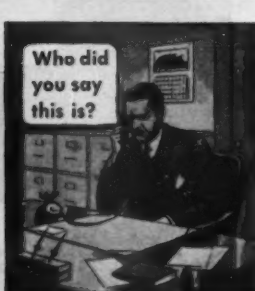
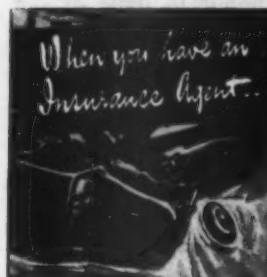


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Cotton's Reprieve

Small crop and rise in consumption bring a breather, but economists warn that the reckoning is merely deferred.

Tottering King Cotton has a breather in this year's small crop and the prospect that domestic and foreign consumption through next July will be the largest since prewar days.

No one can predict what will happen after that, notwithstanding government efforts at southern industrial development, though southern politicians can be counted on willy-nilly to try to hold up the falling monarch.

• **The Sooner the Better**—Government cotton economists say that the King's days are numbered, that the sooner this is realized and the South develops its economy along other lines the better it will be for the South and the nation.

This year's domestic supply of American cotton—less than 21,000,000 bales, including the 1945 crop (10,026,000 bales) and carryover from last year—is the smallest since 1936-37.

Against this supply, Dept. of Agriculture officials hopefully set down a probable 10,000,000 bale domestic consumption through next July, and 3,500,000 to 4,000,000 bales as projected exports. (Exports in 1944-45 totaled 1,924,000 bales—largest since 1939—going principally to the United Kingdom, Canada, France, Spain, and Belgium under lend-lease, rehabilitation relief, and cash subsidy.)

• **Carryover Will Shrink**—If things work out as expected through next July, the carryover of 7,000,000 to 8,000,000 bales next August will be the smallest in years—the bulk of it low quality and in government hands through commitments to support producer prices near parity.

The government is committed to support prices at 92½% of parity for two years after the Jan. 1 following the legal end of the war. It is committed to buy the 1945 crop at near-parity prices, but this commitment may not carry through the 1946 and subsequent crops.

Current supply and demand statistics look pretty good to officials charged with the task of deciding whether next year's acreage should be limited under the Agricultural Adjustment Act.

• **Bad Weather Helped**—The minimum acreage that can be allotted under the act is 27,500,000 acres. This year's acreage was uncontrolled, but was held down to 18,000,000 acres by bad weather and labor shortage.

Some officials figure that, with or

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What's Happening to the Cost of Living

	Food	Clothing	Rent	Fuel, Ice, & Electricity	House Furnishings	Misc.	Total Cost of Living
August, 1939.....	93.5	100.3	104.3	97.5	100.6	100.4	98.6
January, 1941*.....	97.8	100.7	105.0	100.8	100.1	101.9	100.8
July.....	106.7	104.8	106.1	102.3	107.4	103.7	105.3
July, 1942.....	124.6	125.3	108.0	106.3	122.8	111.1	117.0
July, 1943.....	139.0	129.1	108.0	107.6	125.6	116.1	123.9
July, 1944.....	137.4	138.3	108.2	109.7	138.7	122.0	126.1
August.....	137.7	139.4	108.2	109.8	139.3	122.3	126.4
September.....	137.0	141.4	108.2	109.8	140.7	122.4	126.5
October.....	136.4	141.9	108.2	109.8	141.4	122.8	126.5
November.....	136.5	142.1	108.2	109.9	141.7	122.9	126.6
December.....	137.4	142.8	108.3	109.4	143.0	123.1	127.0
January, 1945.....	137.3	143.0	108.3	109.7	143.6	123.3	127.1
February.....	136.5	143.3	108.3	110.0	144.0	123.4	126.9
March.....	135.9	143.7	108.3	110.0	144.5	123.6	126.8
April.....	136.6	144.1	108.3	109.8	144.9	123.8	127.1
May.....	138.8	144.6	108.3	110.0	145.4	123.9	128.1
June.....	141.1	145.4	108.3	110.0	145.8	124.0	129.0
July.....	141.7	145.7	108.3	111.2	145.3	124.2	129.4

* Base month of NWLB's "Little Steel" formula.

Data: U. S. Bureau of Labor Statistics; 1935-39 = 100.

without controls, growers won't plant more than 24,000,000 acres next year. This could yield about 12,000,000 bales, and with next year's reduced carryover, the total supply for 1946-47 would be smaller than this year's.

But growers might upset this calculation and, if acreage is not controlled, plant better than 30,000,000 acres, induced by the guaranteed government price of at least 20¢ a lb.

• **Expectation**—The government economists expect that parity prices will not slip off enough during the next year or so to yield growers less than 20¢.

Officials who see prospects of continuing large domestic and foreign demand for cotton during the next few years aren't averse to postponing acreage control. These officials recognize that unrestricted production wouldn't help in working off the surplus of low quality cotton, but that it would make available the higher qualities wanted by domestic and foreign mills.

• **What It Would Mean**—Eventually, the accumulated surplus of low qualities would have to be dumped. Meanwhile, some of the cotton could be worked off if there should be a deficiency of high qualities because of poor yields.

Southern farm bloc legislators also would be happy for constituents—unrestricted as to acreage—to cash in on big crops of 20¢ cotton under government guaranteed prices, at least through the 1946 and 1948 elections.

For the longer pull, the government cotton economists warn Congress against the time when domestic consumption may drop below 8,000,000 bales a year, with exports in the 3,000,-

000-to-4,000,000-bale brackets even if priced at world levels.

• **The Prospect**—By then, it is expected that more fully mechanized production will reduce costs while maintaining profitable margins on lower selling prices. But by then, competitive synthetics also may be lower priced.

Government action at that time will be based upon political and economic expediency. Proposals meanwhile for reduced cotton production and a so-called balanced southern economy with less dependence on cotton will go by the boards.

Government agricultural economists forecast that the high-cost cotton producing areas of the Southeast will be forced out of cotton, giving up to lower cost production in the Mississippi delta and the Southwest.

Following cotton across the country will be the cotton mills of the Carolinas, just as the shift was made from New England to the Carolinas after the turn of the century.

Y.V. SOLD AT AUCTION

The Yosemite Valley Ry. highballed down the short spur toward oblivion last week. The picturesque road was sold at auction in San Francisco.

Sole bidder was A. E. Perlman of Denver, who said he represented 96% of the bondholders. For his bid of \$585,000, he got the physical property and a cash fund of about \$85,000. Perlman's group plans to junk the Y.V. unless an operating buyer can be found.

John McFadden, the 18-year-old president of the Pacific Coast Railroad-

ing Assn. who tried to save the railroad by organizing a syndicate for its purchase (BW—Jun.23'45,p44), was represented at the auction by an attorney. The association of young rail fans had been unable to agree with Perlman on a price for his group's bonds.

The Y. V. operates on an if-and-when schedule between terminals at Merced, Calif., and El Portal, the gateway to Yosemite National Park. When it was opened 38 years ago, there were substantial loads of lumber, limestone, and oil to be moved, and passenger traffic was heavy. The road still can produce revenue, but not enough.

Market Sought

Makers of instruments and laboratory apparatus seek new outlets for enlarged capacity. U.S.S.R. competition feared.

American makers of scientific apparatus are concerned over utilization of an industry capacity quadrupled by requirements of the armed forces and war production for instruments and laboratory apparatus.

• **Adaptation of War Items**—Only increased exports plus expanded industrial and educational use in the U. S. can keep the industry producing at a level high enough for its general prosperity.

Manufacturers are keeping a wary eye on Russia. Reports from Europe say that the U.S.S.R. has transplanted the Zeiss optical plant bodily to its territory, and is urging German scientists and skilled-workers to migrate with their jobs. Presumably other scientific supply firms in Germany are getting identical treatment.

Still further confusing the prospects for business are the war surpluses in government hands, slated for early disposal. Some specialized military equipment must be dumped, while such industrial tools as recording and controlling instruments will be useful in peacetime.

• **Birth of an Industry**—Thirty years ago American scientists (many of them German trained) depended almost entirely on Germany's skilled, subsidized scientific equipment, imported duty-free. A few U. S. firms manufactured school laboratory supplies and some built precision instruments to order. The first World War forced the development of an American apparatus industry.

Among early leaders in the industry were Bausch & Lomb Optical Co., Spencer Optical Co., and Gaertner Scientific Co., microscopes and precision apparatus; Leeds & Northrup, Taylor Instrument Co., and Brown Instrument



ONLY THE BEST BOYS WILL GET THEM

Father's and son's favorite toy, the electric train, will soon be on the market again—in small quantities. A. C. Gilbert's prewar "American Flyer" makes its final test run at New Haven before heading for American Christmas trees. However, manufacturers of many toys warn that materials were released too late to meet the holiday rush. Anxious shops and shoppers may expect this year's shortage to be almost as acute as last year's.

Co., recording and controlling instruments; Central Scientific Co., Chicago Apparatus Co., Fisher Scientific Co., and W. M. Welch Mfg. Co., laboratory apparatus; Corning Glass Co.'s Laboratory Division, and Kimble Glass Co., chemical glassware.

• **Tariff Armor**—In 1919 German and Czechoslovakian apparatus began edging back into the U. S. market, gave American manufacturers a bad case of jitters. The industry set about convincing Congress that it could not compete with foreign wage scales, but that its continuing development was essential to national security. In 1921 a duty on imported scientific apparatus was accordingly imposed.

By 1940, American manufacturers led the world production of analytical balances and weights, electrical measurement devices, recorders and controllers for industrial production, chemical porcelain and glassware, high-vacuum pumps, and optical instruments. Scientific apparatus was being made by more than 250 companies, with annual sales totaling close to \$100,000,000.

• **Apparatus for Atom-Splitting**—The biggest war expansion naturally came to the companies entrenched in making military, nautical, and aeronautical de-

vices. But manufacturers of other lines also saw demand skyrocket for their products. The atomic bomb project alone brought orders in unprecedented quantity for analytical balances, chemical glassware, high-vacuum pumps, and newly invented instruments.

Any move to reduce the present tariff rate on scientific equipment will stir up a brisk battle from the apparatus makers. They contend that their industry is essential to national defense, public health, control of production, and education. With such a stake in the industry, they argue, the nation must protect them—and their customers—from dependence on foreign sources of supply.

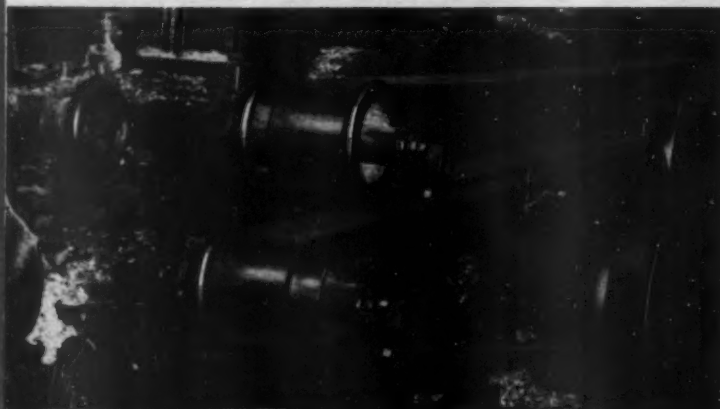
GEORGIA POWER CHEAPER

Electric rate reductions that will save residential users in Georgia an estimated \$1,200,000 a year will be put into effect Oct. 1 by the Georgia Power Co.

Current reductions range from 7.3% to 25% in the 400 communities served by the company. Atlanta moves from eighty-second to sixteenth place in the list of 216 cities of 50,000 or more graded on a basis of the cost of 25 kilowatt-hours of electricity.

The new rates, ordered by the

Thermoid took this problem in stride!



In operating a top-head woodworking planer, two belts were used, each made endless with a standard make of connector. One belt was driven by a driving pulley. The second belt derived its power from contact with the first belt beneath it. Each belt had to maintain an exact length to function properly. But the belts stretched and frequent stops had to be made to shorten them. Also, a bad oil situation was present. The manufacturer appealed to Thermoid for a solution.

Thermoid recommended the use of two Thermoid non-stretch endless belts, made of Neoprene, to counteract the oil condition. Result: smoother operation, smoother product, and elimination of shut-downs for belt shortening.

The solution to this problem was comparatively easy because of having the right product to do the right job. Thermoid solves numerous problems of this type every day. If you have an industrial rubber product problem, call in the Thermoid representative. His experience, combined with Thermoid's complete line, extensive research and manufacturing facilities may give you the solution.



Thermoid Rubber

DIVISION OF THERMOID COMPANY
TRENTON, NEW JERSEY

THE THERMOID LINE INCLUDES: TRANSMISSION BELTING • F.H.P. AND MULTIPLE V-BELTS AND DRIVES • CONVEYOR BELTING • ELEVATOR BELTING • SHEET PACKINGS • WRAPPED AND MOLDED HOSE • INDUSTRIAL BRAKE LININGS AND FRICTION PRODUCTS • MOLDED HARD RUBBER AND PLASTIC PRODUCTS.

"IT'S GOOD BUSINESS TO DO BUSINESS WITH THERMOID"

Georgia Public Service Commission are 3¢ per kwh. for the first 40 kwh. per month; 3¢ for the next 40 kwh.; 2¢ for the next 120 kwh., and 1¢ for over 200 kwh. Minimum monthly bill at 75¢ for 20 kwh.

The order pointed out that the commission issued an order to the Georgia Power Co. reducing commercial and wholesale rates by \$1,058,000 a year on May 25, 1944, and in December, 1944, ordered a refund for December bills amounting to \$952,321.

OPA Fish Story

Ceiling on imports from Canada is lifted in hope that action will pull down the price of the Great Lakes catches.

OPA, heeding housewives' and dealers' screams against stratospheric prices of fresh-water fish (2% of U. S. consumption), last week chose to back out of a tight situation by doing what the trade long had been urging. It removed its three-year-old ceiling prices on Canadian fresh-water fish. Thereby it avoided new headaches that seemingly would have been inevitable if it had carried out its threat to place ceilings on U. S. catches of Great Lakes fish (BW—Aug. 4 '45, p. 58).

• As the Trade Saw It—Wholesalers charged that OPA's failure to enforce its import ceilings (17¢ a lb. on trout and whitefish) was responsible not only for the brisk black market in Canadian fish but also for excessive prices on domestic fresh-water fish. Hence the trade argued that OPA could not hope to control prices on the much larger volume of U. S.-caught fish.

Cries were loudest in Chicago, where 70% of the fish eaten is of fresh-water varieties, about one-third from Canada. In recent months legitimate Canadian imports were choked to a trickle by the black market. OPA's agents could not readily distinguish trout, whitefish, and perch caught in Canadian waters (hence subject to ceilings) from similar species not subject to ceilings because caught on the U. S. side of the Great Lakes.

• Temptation—Fish dealers all too often yielded to temptation: They paid over-ceiling prices for Canadian fish, dumped these into the refrigerator mixed with fish of U. S. origin—and sold everything at the higher price permissible on the domestic fish.

Dealers assert that by diverting the Canadian supply back to legitimate trade channels at this season, when the Canadian fishing season is in full swing and the Great Lakes fall season is open-

ing, will send prices down 25% to 30% within a month.

Chicago dealers heard of OPA's intended backdown a few days in advance. In consequence, when the order took effect on Sept. 4, four carloads of fresh Canadian fish were in the Chicago market—nearly as much as total receipts from Canada in the three previous months.

• **Expectations**—The trade expects wholesale prices of lake trout to fall from 65-70¢ a lb. to 45-50¢; whitefish, from 75-80¢ to around 55¢. Retail prices are expected to follow the same pattern: trout from 90¢ to about 60¢, for instance.

Two conditions prevented an immediate price drop: (1) The Jewish New Year period traditionally stimulates the fish market everywhere; (2) it will take time for the cumulative force of increased Canadian imports to push prices down.

Half Off for Cash

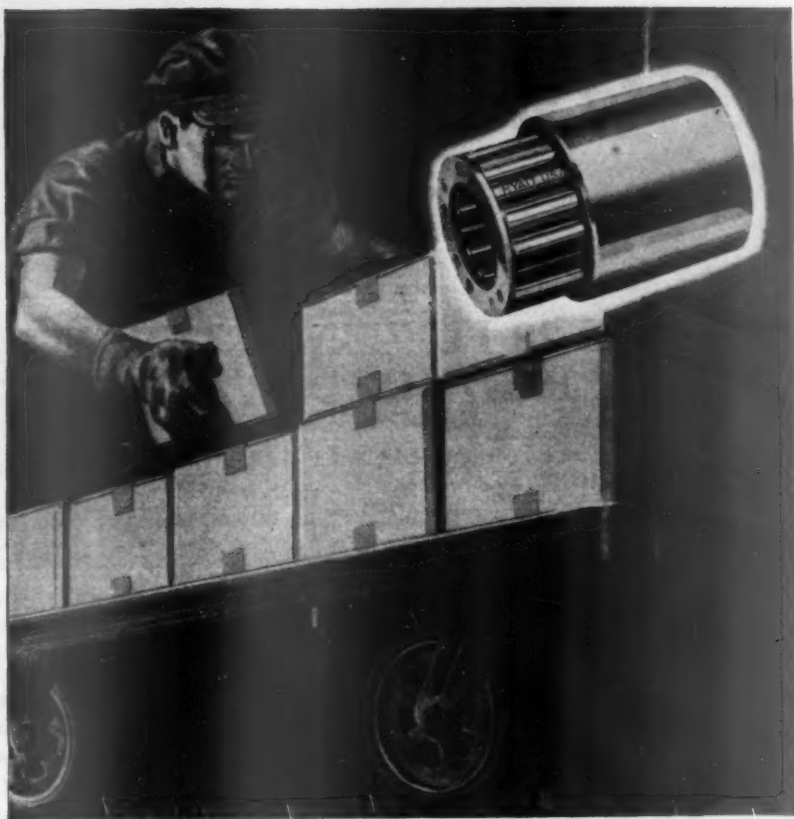
Navy shipbuilding plant is sold to Pullman-Standard, its operators, as core of postwar \$5,000,000 improvement plan.

The Navy's Bureau of Ships last week wrapped up its first large war plant reconversion deal and delivered it to the Pullman-Standard Car Mfg. Co., Chicago. Biggest item was the 173,000-sq.-ft. steel frame and brick shipbuilding plant operated by Pullman which the Navy built and equipped in 1942 at a cost of around \$1,800,000. Depreciated price to Pullman: \$927,472.

• **Bought Some Scrap**—Both parties felt they got their money's worth. Intricacies of accounts which the Navy said still are in process prevented a nut-shell summary of what the Navy sold, what Pullman received.

The Navy deducted estimated value of a variety of heavy machinery which Pullman balked at taking, but which figured in the \$1,800,000 original cost. Pullman-Standard got 22 building heating units that it has no use for and some big shipbuilding platforms and jigs that will go into scrap. But it also got ten traveling cranes valued at about \$200,000 and \$25,000 worth of other equipment—a steel pickling plant, annealing facilities, and rail trackage that it can use.

• **Red Tape Avoided**—The Bureau of Ships sold this plant under a speed-up technique applicable in direct deals between a government agency which owns a plant and the company which has operated it, keeping the sale outside Re-



Rollers Roll— AND NEW THINGS START COMING YOUR WAY

Products that must move from one manufacturing operation to another and finally to the shipping platform, are carried by material handling equipment—hand-trucks, lift trucks, trailers, conveyors, cranes, hoists and other devices.

Often in continuous 24-hour service, day-after-day, it is necessary for this equipment to have great endurance. That is why so many are manufactured with Hyatt Roller Bearings to minimize friction in shafts, wheels, casters, and in the drive and gear mechanisms of power units—for sturdy, high-precision Hyatts are traditionally designed to outlast the machines for which they are made.

In addition to material handling equipment, millions of rollers roll in the Hyatt Roller Bearings serving other industrial, agricultural and transportation requirements. Hyatt Bearings Division, General Motors Corporation, Harrison, New Jersey.

HYATT ROLLER BEARINGS

NOW IT CAN BE TOLD

Accuracy in "Millionths" on Production Job
Obtained on Bryant No. 112 Internal Grinders

B-29 FUEL INJECTION PUMP PRODUCED BY ECLIPSE

SPRINGFIELD, VERMONT — Another stride by American war production genius was disclosed recently by the Army Air Forces Air Technical Service Command and Eclipse Machine Division of Bendix Aviation Corporation.

Mass production of fuel injection pumps for the B-29 Superfortress has been achieved at the Eclipse plants in Elmira, New York. The Bryant No. 112 Internal Grinder was chosen for the sleeve bushing job, and technical details for production of this part were worked out through the close cooperation of Eclipse and Bryant engineers.

Production Tolerances Unbelievable

In the hands of Eclipse workers, the Bryant machines are producing parts to diameter tolerances of 10 millionths of an inch or less. This necessitates maintenance of straightness and roundness to even finer tolerances. This infinitesimal de-

gree of precision was graphically demonstrated by Mr. T. W. Tinkham, General Manager of the Eclipse Machine Division. After demonstrating the precise fit between the plunger and the bushing ground on the Bryant machine, Mr. Tinkham had a newsman rub his fingers on the pump piston. The very slight film left by the newsman's fingers was sufficient to make the plunger stick in the bushing.

Improves Bomber Performance

B-29's equipped with the fuel injection pump are flying surer than ever before at extreme altitudes where rarefied atmosphere, varying pressures and sub-zero temperatures must be taken into account. It is interesting to note that the gasoline is the only lubricant used in the pump assembly.

Cooperation Plus Secrecy

This is a typical example of the way Bryant men have cooperated with the engineers of our leading manufacturers during the war years. This is one example, but hundreds of others still must remain on the secret list. Now, when you are planning for a peacetime production there still is a Bryant man ready to assist you.



(Photo Courtesy Eclipse Machine Division)

MACHINES THAT DO THE JOB. This is part of the group of over a hundred Bryant internal grinders at Eclipse Machine Division, Bendix Aviation Corporation, Elmira, New York. These machines are grinding sleeve bushings to a tolerance of 10 millionths or less.

BRYANT CHUCKING GRINDER COMPANY

SPRINGFIELD
VERMONT, U.S.A.

Construction Finance Corp. red tape. Whether the deal indicates a pattern or others between the Navy and operating companies remains a question. Not all war production has tied in so neatly with operators' peacetime production and expansion programs.

Except for the bigger sizes of framework and steel sideplates, building ships in sections called for essentially the same process as building welded railroad cars. Pullman's car-fitting shops were merely converted to ship fitting when civilian car building was banned in 1942. Completed sections of ships were moved on flat cars four miles to the Calumet Harbor shipyards to be welded into ships.

• **Conversion Costly**—Pullman-Standard does not deny rumors that the shipbuilding plant figured in its pre-peace plans for expansion. But company officials lament that their efforts to get the Navy to suit the construction to prewar plans for car building got nowhere, estimate they will spend twice as much to convert the building as they paid for it.

Nevertheless, this 912-ft x 190-ft. structure will be the core of a \$5,000,000 rehabilitation and improvement program at Pullman-Standard's plant. The company forecasts this will be the world's largest and most modern "steel construction facilities for building railroad passenger car frames on a production basis." It expects to produce six lightweight passenger cars a day, with peak employment set for early 1946. Recently the company had 600 cars on order.

FLYERS' COUNTRY CLUB

An airfield where private flyers may build their individual hangars like private garages is under construction at Albuquerque, N. M., by the Graham-Bell Aviation Service.

Incorporated by Lewis W. Graham and William G. Bell, who will operate the airport, and Don L. Dickason, Albuquerque attorney, the firm is authorized to issue \$100,000 capital stock.

The operators plan, in addition to usual airfield structures, eventual construction of a club house for private flyers complete with tennis courts and swimming pool. Their articles of incorporation also authorize them to erect a hotel, should private flying warrant.

REVISE AIRPORT FEES

Special fees for cargo planes are included in revisions of airport charges being made in several cities. Costs drop as arrivals increase, giving an advantage to the frequency of scheduled operations.

New landing fees announced for Phil-

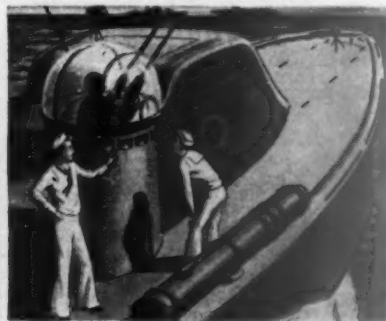


680 YEARS OLD—and a witness to all the wars since Kublai Khan—this giant finally went to war itself. It was probably the biggest Douglas Fir tree ever harvested . . . a monster which stood 256 feet high in the forest. Sprouted in the year 1265, this patriarch was 227 years old when Columbus discovered America. Its growth through nearly seven centuries had given it a girth of 30 feet at the stump. Can you guess how much lumber this enormous trunk contained?

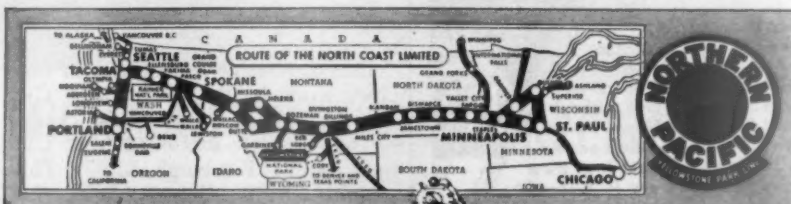
World's oldest recruit



ELEVEN CARLOADS from this single tree! The carriers used were "log flats"—long, low super-strong railroad cars. The trunk was cut into eleven sections, and each section made a carload. Lumber cut from the tree—much of which moved via Northern Pacific—totaled 71,542 board feet, or enough to build four complete homes. But homes had to wait. There was a war to win . . .



IT'S WEARING VICTORY HONORS, today . . . for its lumber went into PT boats, gliders, the materiel of war. But now, before long, such lumber will make homes, and the Pacific Northwest has timber enough to build millions of new dwellings. For the great peacetime building job, Northern Pacific will continue to carry an important part of the timber crop along the "Main Street Of The Northwest"



NORTHERN PACIFIC
Main Street of the Northwest

Progressive Canada

Canada is rich in natural resources, in her large, well-balanced productive system (25% agricultural, 50% industrial, 18% forest and mineral) and in her strong financial institutions. Canada is rich, too, in new opportunities... no country has better prospects.

This Bank's nation-wide services are available to all interested in a sound and progressive Canada.

THE CANADIAN BANK OF COMMERCE

Head Office: Toronto

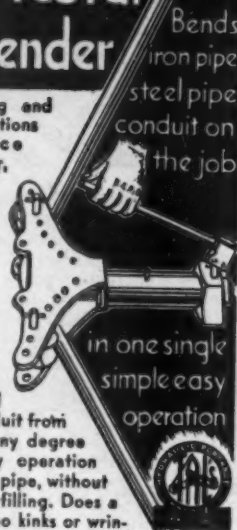
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Plumbing, heating and electrical installations and maintenance work goes faster, easier, and is less costly when a Tal's Prestal Bender is on the job.

This do-all, portable machine saves valuable time, eliminates the use of fittings, and reduces welds up to 80%. It bends all iron and steel pipe and conduit from $\frac{3}{8}$ " to 3"—makes any degree bend in one easy operation without moving the pipe, without heating or filling. Does a workmanlike job—no kinks or wrinkles. No wonder thousands of these efficient machines are in successful use throughout industry, and by leading contractors. Write for bulletin.

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Army-Navy E Awards

Termination of the Army-Navy E award program, by which the services recognized outstanding contribution to the war effort by industrial plants, was announced Sept. 7. Some awards, already granted but not yet announced, will be listed in Business Week in ensuing issues.

The Army-Navy E award was inaugurated in July, 1942 (BW—Aug. 1 '42, p20), when the Navy E, the Army A, and the Army-Navy munitions board star were merged.

Awards announced this week were:

Acme Backing Corp. Brooklyn, N. Y.	Electro Metallurgical Corp. Niagara Falls, N. Y.	Oberdorfer Foundries, Inc. Syracuse, N. Y.
All American Aviation, Inc. Wilmington, Del.	Frontier Bronze Corp. Niagara Falls, N. Y.	Odin Stove Mfg. Co. Erie, Pa.
Ampro Corp. Chicago, Ill.	Gamble Brothers, Inc. Louisville, Ky.	Pacific Electric Motor Co. Oakland, Calif.
Anetaberger Bros. Chicago, Ill.	Gamewell Co. Newton, Mass.	The Phoenix Bridge Co. Phoenixville, Pa.
The Anstice Co., Inc. Rochester, N. Y.	General Cable Corp. (Two plants)	Prescott Wilson, Inc. New York, N. Y.
Austenal Laboratories, Inc. New York, N. Y.	Glidden Buick Corp. New York, N. Y.	Railway & Industrial Engineering Co., Greensburg, Pa.
Baker Raitlang Co. Cleveland, Ohio	Goodyear Aircraft Corp. Akron, Ohio	John A. Roebing's Sons Co. Trenton, N. J.
Bettendorf Co. Bettendorf, Iowa	Guided Radio Corp. New York, N. Y.	Sacramento War Industries, Inc., Sacramento, Calif.
Bohn Aluminum & Brass Corp., Los Angeles, Calif.	Harshaw Chemical Co. Cleveland, Ohio	St. Pierre Chain Corp. Worcester, Mass.
Clinton Engineer Works Oak Ridge, Tenn.:	H. B. Hirsch & Sons Washington, D. C.	Frank G. Schenuit Rubber Co., Baltimore, Md.
Carbide & Carbon Chemicals Corp.	Hooker Electrochemical Co. Niagara Falls, N. Y.	Sciaky Brothers Chicago, Ill.
Clinton Laboratories The Ferrelve Corp.	Kansas City Assn. for the Blind, Kansas City, Mo.	Standard Rolling Mills, Inc. Brooklyn, N. Y.
H. K. Ferguson Co. Ford, Bacon, & Davis, Inc.	Kieley & Mueller, Inc. North Bergen, N. J.	Suprenant Electrical Insulation Co., Clinton, Mass.
J. A. Jones Construction Co., Inc.	The Linde Air Products Co. Tonawanda, N. Y.	Judson L. Thomson Mfg. Co. Waltham, Mass.
The Keller Corp.	Luscombe Airplane Corp. W. Trenton, N. J.	Union Diesel Engine Co. Oakland, Calif.
Stone & Webster Engineering Corp.	Mercury Aircraft, Inc. Hammondsport, N. Y.	U. S. Metal Products Co. New York, N. Y.
Tennessee Eastman Corp.	National Plastic Products Co. Odenton, Md.	Wailles-Bageman Co. Los Angeles, Calif.
Cox & Stevens Aircraft Corp. Mineola, Long Island, N. Y.	National Union Radiocorp. Robesonia, Pa.	Westinghouse Electric Corp. Emeryville, Calif.
Crosby Steam Gage & Valve Co., Boston, Mass.	Newark Wire Cloth Co. Newark, N. J.	Wilcox Electric Co. Kansas City, Mo.
Eastern Amplifier Corp. New York, N. Y.	Northwest Door Co. Tacoma, Wash.	Workshop Associates Newton Highlands, Mass.
Edge Moor Iron Works, Inc. New Castle, Del.		
Electric Specialty Co. Stamford, Conn.		

(Names of winners of the Army-Navy and Maritime Commission awards for excellence in production announced prior to this new list will be found in previous issues of Business Week.)

Philadelphia municipal airport are \$100 a month for each of the first four scheduled arrivals. The next eight arrivals cost \$75 per month each; the next four \$50 each, and all above that number, \$25 each.

Landing fees for cargo planes of weight not in excess of 8,000 lb. are \$100 a month for each of the first four arrivals, and \$25 for each additional scheduled trip arrival.

Comparisons of landing fees in nine cities, made by the International City Manager's Assn., shows these charges for ten regularly scheduled trips: Chicago, \$1,075; Pittsburgh, \$1,075; Philadelphia, \$850; Detroit, \$850; Los Angeles, \$800; San Francisco, \$800; Indianapolis, \$650; St. Louis, \$375; Birmingham, \$350.

COAL PRESSED FOR STORING

Western lignite and sub-bituminous coals are likely to be poor "keepers," for air currents flowing through a coal pile lead to heating which quickly sets up spontaneous combustion. Therefore, they have been mined as needed, resulting in irregular mine operation, or expensively stored in huge concrete pits under water. This has narrowed their market range.

Now U. S. Bureau of Mines experimenters at Golden, Colo., have worked out a method of storing such coal for any desired time. They compact the coal in layers, with huge rollers, to a density of 58 lb. a cu. ft. or more. This prevents interior air currents and "seals" the coal, as tests indicate oxygen in any

18,000 CHEMICAL DETERMINATIONS MONTHLY

You can well judge the volume of business that flows through Michigan Smelting and Refining plants when we tell you that 18,000 Chemical Determinations are made each month in our laboratories. These are in addition to the Spectrographic and physical tests to which each heat of alloy ingot is subjected before passing final inspection. If you buy non-ferrous alloy ingot, the extensive facilities available to you here, plus more than 50 years of experience, should be important factors in determining your source of supply.



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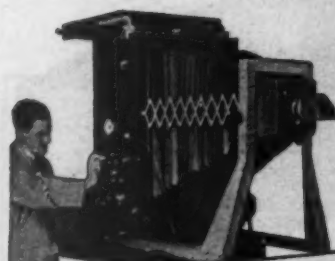
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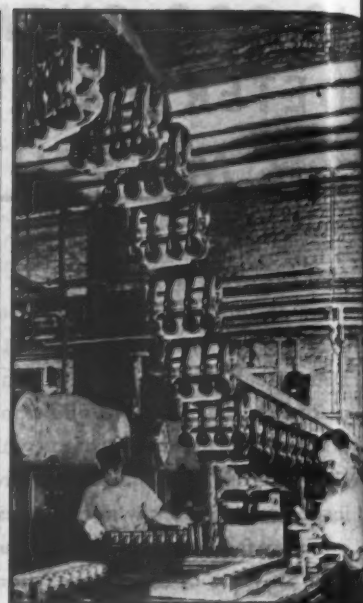
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SPEECH DIFFICULTIES

Its reconversion task a mere matter of changing dies, the Chicago plant of Western Electric is producing telephone handsets at the rate of 100,000 a month. Atlantic Telephone & Telegraph warns, however, that as one bottleneck is widened, another—new switchboard facilities—must be overcome before all new would-be subscribers will be able to get service.

air penetrating the top layers is changed to carbon dioxide which does not support combustion.

V. F. Parry, station director, thinks that the new method may permit year-around mining, and therefore lower costs and institute a wider market.

CORRECTION

Through a confusion in names, a recent report on an antitrust law action against a group of borax companies (BW—Aug. 25 '45, p. 58) erred in stating that one of the defendants, The Gold Fields American Development Co., Ltd., was 90% German-owned and was now controlled by the Alien Property Custodian, and that American Potash & Chemical Corp. was a subsidiary of this company. The statements as to ownership and control applied to American Potash & Chemical which, according to the indictment, operated from 1929 to the date of vesting by the Alien Property Custodian under the terms of a management agreement with The Gold Fields American Development Co., Ltd.



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Veterans Let Policies Lapse

More than three-quarters of men leaving service are dropping their government insurance though private companies advise them to keep it up. Reinstatement privilege likely to be liberalized.

Almost without realizing it, the U. S. government has become the world's biggest life insurance underwriter. Since October, 1940, when the National Service Life Insurance Act went into effect, some 14,500,000 men and women in the armed services have taken out government policies with a total coverage of \$137,000,000,000. This is not so many millions short of the \$153,000,000,000 total of all the privately written life insurance now in force in the U. S.

• **Main Purpose**—Practically all the government policies written during this war call for simple term insurance that expires automatically at the end of eight years. Their main purpose so far has been to provide cheap coverage up to \$10,000 against death from military action, a hazard that the private companies can't cover except at prohibitive premiums.

All holders of government policies have conversion privileges, however. At any time while the term insurance is in

effect, whether the holders have left military service or not, they can trade it in for permanent coverage—also government-underwritten—taking their choice of straight life, 20-payment life, or 30-payment life.

• **The More the Better**—With few exceptions, the big private underwriters say that they would like to see veterans keep as much government insurance as possible. While the underwriters concede that government coverage may take some of the business that ordinarily would go to them, they stick by the old principle that the more insurance there is in force the easier it is to sell still more. They think that if veterans go home with converted policies, civilians who never carried insurance before will start wanting the same sort of protection.

At the moment, there seems little prospect that this happy theory will be put to the test. More than three-fourths of the men leaving service up to last

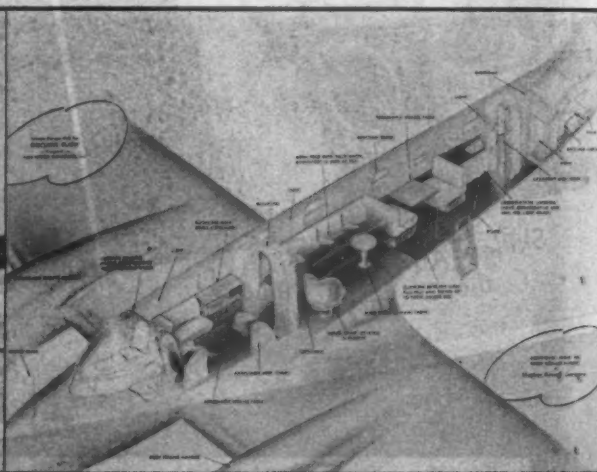
June were letting their policies lapse immediately. At this rate, probably \$7,250,000,000 has been dropped in the last six months, and perhaps as much as another \$14,000,000,000 will go by the boards before the end of the year.

• **A Little Surprised**—Officials of the Veterans Administration, which handles the government insurance program, are a little surprised at the high rate of abandonment. A survey of troops overseas showed that about two-thirds intended to keep their insurance, and at separation centers about 50% of the discharged men said they would hang on to their policies.

The record of lapsed policies after the last war checks out evenly with current experience, however. Then, the government wrote about \$40,000,000,000 of life insurance, covering 4,500,000 members of the armed forces, including Army and Navy nurses. Immediately after the armistice, an estimated 75% of these policyholders let their insurance go entirely. The others cut the face value of their policies about in half, so that on the final tally only \$4,800,000,000, or about 12% of the total, was converted into permanent coverage.

• **Salesmanship?**—Many insurance men think that the Veterans Administration isn't trying hard enough to sell discharged men on the advantages of government coverage, but even the sharpest critics admit that there is a limit on how much a good sales talk could do.

The main reason that veterans back



CELESTIAL LUXURY

And now the flying office for busy executives (left). Converted from obsolete and surplus Douglas B-23 Army bombers, the "executive transports" are being offered by Hughes Aircraft which has transformed two for its own use, announces orders on its books from United Drug, General Motors, Henry Kaiser, and Gar Wood Industries. The latter's specifications (right) involves pigskin

upholstered armchairs, lounge chairs that open out into beds, deep napped rugs of curled mohair, gray gabardine head linings, oak paneling. The twin-engined bombers are overhauled inside and out, are provided with sound-proof insulation, new two-way radio, heating and ventilation systems—a job requiring about two months. Space, according to individual designs, is ample for from eight to twelve persons. The remodeled planes have a cruising speed of 240 m.p.h. and a range of 1,600 mi.

away from conversion is the increased cost. Term insurance, of course, is the cheapest kind of all. The rate on a \$10,000 government term policy for a 25-year-old man is only \$6.70 a month. If the veteran switches into straight life, his premiums go up to \$13.70, and if he wants 20-payment, they hit \$21.20 a month.

• **Youth Is a Factor**—Since most of the soldiers are young and relatively few of them have dependents, the majority feel no immediate need for protection. Their first inclination is to drop the whole thing as soon as they get out of uniform. To prevent this, insurance men and government agents now are advising veterans to keep their term policies, with the low premium, for the full eight years and worry about conversion to a permanent policy later on.

From the veteran's standpoint, if he ever intends to carry insurance, the government policy is about the best bargain he can get. The premiums on the National Service policies are designed to cover only the ordinary mortality risk.

• **What the Government Does**—Through a complicated system of accounting, the government reimburses the insurance fund for losses through military action. The government also carries all administrative costs so that there is no loading for this expense in the premium rate. In figuring premiums, the government assumes that reserves will earn 3% interest annually, a generous estimate these days.

The Veterans Administration discourages comparisons with insurance written by private companies, and because dividends are unpredictable, there is no way of forecasting how a government policy will stack up against one written by any particular private company. It is possible, though, to make a rough comparison between government insurance converted after the last war and similar policies written by private companies.

• **How It Worked Out**—If a 25-year-old veteran of the last war converted his policy to straight life in 1920, at the end of 20 years (1940) he would have paid an average of \$12 a year net (premiums less dividends) for each \$1,000 face value. On a similar policy written by a private company, and including the waiver of dividends in case of total disability which the government throws in without extra charge, he probably would have paid about \$15 a year, net on dividends.

One or two private companies actually shaved the cost a trifle below the government. Some were considerably higher. The average ran about \$3 a \$1,000 more a year.

• **Reinstatement**—With so many veterans letting their insurance lapse, it's

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200,000 Shares

Allied Stores Corporation

4% Cumulative Preferred Stock

Par Value \$100 Per Share

Price \$100 Per Share

(plus accrued dividends from September 1, 1945 to date of delivery)

Copies of the Prospectus may be obtained in any State from such of the several Underwriters, including the undersigned, as may lawfully offer the securities in such State.

LEHMAN BROTHERS

September 7, 1945.

This advertisement is not, and is under no circumstances to be construed as, an offering of these securities for sale or as a solicitation of an offer to buy any of such securities. The offering is made only by the Offering Circular.

\$55,000,000

Northern Pacific Railway Company COLLATERAL TRUST 4½% BONDS

Dated September 1, 1945

Due September 1, 1975

Interest payable March 1 and September 1 in New York City

The issue and sale of these Bonds are subject to authorization by the Interstate Commerce Commission

Price 100% and Accrued Interest

Copies of the Offering Circular may be obtained in any State from only such of the undersigned as are registered or licensed dealers or brokers in such State.

MORGAN STANLEY & CO.

BLUTH & CO., INC.

GOLDMAN, SACHS & CO.

HARRIMAN RIPLEY & CO.

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LEE HIGGINSON CORPORATION

F. S. MOSELEY & CO.

PAINE, WEBBER, JACKSON & CURTIS

WHITE, WELD & CO.

LAURENCE M. MARKS & CO.

September 7, 1945.



FOUR FACTORS AND THE FUTURE

Four factors promise to be extremely influential in the American economic scene throughout the immediate future. They are:

- (1) *The tremendous backlog of deferred demand for the goods of peace.*
- (2) *The unequalled reservoir of buying power.*
- (3) *The flood of new products and new services.*
- (4) *The growing number of new individual investors.*

These will be uppermost in the minds of policy-making executives for a long time to come, and many corporations will need the services of competent financial counsel.

Hornblower & Weeks, as a firm, has been prominent for more than half a century in the financing of various American enterprises—some of them great in stature—all important to our economic system.

As you consider your needs and opportunities, remember that, at all times, Hornblower & Weeks can help you.

A Partner in our nearest office is at hand for free and confidential discussion of your position.

HORNBLOWER & WEEKS

40 Wall Street
New York 5, N. Y.

*Since 1838—Financial Services
Adapted to Your Requirements*

Offices:
New York; Boston; Chicago;
Cleveland; Philadelphia; Detroit;
Portland, Me.; Providence;
Baltimore; Bangor.

practically a sure bet that Congress will liberalize the reinstatement rules. Under present rules, the discharged soldier who lets his policy lapse can get it restored without a physical examination at any time within six months. After that, he has to take a new physical. All reinstatement rights expire at the end of the eight-year term.

Congress probably will ease these requirements, as it did after the last war, until practically any veteran who held government insurance can get it back if he wants it.

Big Schotts Now

Million-dollar deal for compressor company in Cleveland adds chapter to a family saga that began 24 years ago.

Shrewd, tight-lipped Walter E. Schott of Cincinnati has just added another first grade asset to one of the country's fastest growing and least advertised family fortunes.

On Sept. 4, the Schott family—consisting of Schott, his four brothers, and his two sisters—closed a million-dollar deal to purchase the United States Air Compressor Co. of Cleveland. This makes the sixteenth company that the family can count in its assortment of property.

• **How It Began**—The Schotts started accumulating property about 24 years ago, when young Walter Schott, the eldest son, left Cincinnati to go to work as a garage mechanic. Since then, he has parlayed his monkey wrench into more than \$8,000,000 worth of visible assets. Family holdings now range from a yacht supply company to the pretentious Grasmere Apartments in Cincinnati.

Besides automobile and aviation dealer franchises, the original foundation of Schott's money-making machine, they include substantial real estate investments and a dozen manufacturing companies.

• **An Early Start**—The Schotts, 24 years ago, were a typical Cincinnati German family. Their father and mother were immigrants, like a large portion of industrial Ohio's population. The children were expected to take a quick lick at the public schools and then settle down to the business of earning a living.

Walter Schott married young—which was considered improvident for a German boy with no prospects or connections. Shortly thereafter, he and his wife moved to Richmond, Ind., where he worked as a mechanic. There he be-



Walter Schott switched from fixing autos to selling them, 24 years ago. Since then the family—four other brothers, two sisters—has accumulated 16 enterprises under his direction.

gan buying old cars from dealers, flossing them up with a quick paint job and general overhaul, turning them over fast.

• **Bigger Business**—This system gave Schott enough capital to take over the Hamilton County (Ohio) dealership for Willys-Overland Co. A little later, he added the Packard franchise.

The automobile business was growing fast in those days. By 1927, Schott had salted down enough profits to finance an operation that threw the whole trade into an uproar—nationwide bargain sales of new but outmoded cars at the end of the model year.

• **Whirlwind Campaigns**—Schott's strategy was to buy up leftover models that were about to become outmoded. Then with crews of high powered salesmen and gaudy advertising campaigns, he would invade city after city for a whirlwind selling spree. He offered new cars, through the local dealers, at prices cut as much as 30%. The dealers got a commission on sales; Schott took the trade-ins.

In 1927 Schott and his crews sold more than 1,000 Hupps this way. In 1930, he moved 2,400 Auburns; in 1933, 2,800 Hupps, 200 Franklins, and a variety of other makes.

The system was fine for the dealers in the cars Schott sold (Auburn, Cord, Pierce Arrow, Chandler, Franklin, Willys, Hupp). It was fine for the car builders too, because companies often had found themselves stuck with un-



Greer Multi-Tier Conveyor SAVES FLOOR SPACE for Whittemore Shoe Polish

LOADING END

PACKING

DRIVE

AIR



Famous Whittemore Polish—Saddle Soap, too—is today being used in large quantities by the Armed Services. Space-saving Greer Multi-Tier Conveyors have increased production in this Cambridge plant, to the point where polish and soap are now also available for civilian needs. In installations such as this, where the products must pass through a cold room, the compactness of the Greer machine makes it possible to cut down the refrigeration to a very economical minimum.

Even more important, the unique construction of the Greer Multi-Tier results in great space-saving. In the Whittemore plant, Greer Conveyors give six times more cooling travel than straight-line processing would permit in the same floor space. Storage for

cooling is unnecessary, and where multiple deposit is required, the Conveyor brings the containers back to the filling station automatically.

Highly efficient Greer Multi-Tier Conveyors are today continuously processing candy, cookies, bread, fruit bars, floor wax, and rubber compound, as well as shoe polish and saddle soap. Demand points to a further widening of the application of the Greer Multi-Tier Principle after the War. If you are short on floor space or you are planning a new plant, write at once for free Booklet W-9 giving complete information on the Greer Multi-Tier Conveyor.—

J. W. Greer Company,
119 Windsor Street,
Cambridge 39, Mass.

MAKERS OF FAMOUS

GREER

MULTI-TIER CONVEYORS



Pfautler Glass Called to the Rescue!



A pharmaceutical manufacturer making a life-sustaining specific experienced a \$10,000 product loss traceable to metallic contamination. Pfautler Glass-Lined Steel Equipment was called to the rescue immediately. Since then operations have been protected completely and at relatively small cost.

It's poor business to take chances on equipment which could ruin a product worth many times its cost. Pfautler glass gives you double protection—eliminates metallic contamination—provides maximum corrosion resistance. Pfautler glass is resistant to all acids, except hydrofluoric, at elevated temperatures and pressures.

A full line of standard reactors, stills, distillation units, storage tanks and mixers are available in laboratory, pilot plant and commercial designs. Where these won't do, we build to your "specs." The Pfautler Company, Rochester 4, N. Y.

Get Your Equipment ON ORDER

We are booking rush orders now for both glass-lined steel and stainless steel equipment. If you are processing chemicals, foods, beverages, milk products and allied products, then we have something you can use profitably!

WORLD'S LARGEST
MANUFACTURER



OF GLASS-LINED
STEEL EQUIPMENT

PFAUTLER

ENGINEERS AND FABRICATORS OF
CORROSION RESISTANT PROCESS EQUIPMENT

Family Album—The Schott Properties

The tightly held properties of the Schott family of Cincinnati are rarely publicized. When Walter E. Schott added the U. S. Air Compressor Corp. to the ever expanding list early this month, he drew up the first public inventory of the other family holdings. Major items line up like this:

Columbia Axle Co., Cleveland, salvaged from the wreckage of the old Cord Corp.

Swan Creek Lumber Co., Toledo.

Swan Creek Coal Co., Toledo.

Heinz-Munschauer Co., Buffalo, machinery manufacturer, with a branch factory in Cleveland.

American National Corp., holding company for valuable factory buildings in Cleveland and leaseholder of a considerable acreage of proved oil and gas lands in Michigan.

Auto Vehicle Parts Co., Newport, Ky.—automobile trim and hardware.

Cincinnati Time Recorder Co., Cincinnati—time clocks.

J. A. Fay & Egan Co., Cincinnati,

which makes woodworking equipment with Russia one of its best customers.

Eagle Mfg. Co., Cincinnati—machine parts.

King Welding Co. and Betts Street Co.—welding.

Standard Electric Range & Mfg. Co.—electrical ranges and household appliances.

Greaves Machine Tool Co.—gears. Cincinnati Yacht Supply Co.

Dealer Franchises of Reo-Schacht Motor Truck Co., Citizens Motor Car Co. (Packard), Walter Schott Willys Co.—all for the southern Ohio-Indiana-Kentucky area.

Walter E. Schott Co., through which the Schotts manage their Cincinnati realty holdings.

Walter E. Schott Investment Co., which manages the sizable realty holdings the Schotts acquired by purchasing assets of the Commercial Bank and Ohio Savings Bank & Trust Co., both of Toledo, when they were liquidated ten years ago.

sold models that dealers wouldn't take when the time for the change in style and price approached.

• **A War Chest**—With profits from the car liquidation business, Schott built up a war chest. When bankrupt Willys-Overland got into the financial quicksand around 1937, he organized a rescue party. With three associates, he advanced the Willys trustee about \$2,000,000, which enabled him to complete the manufacture of cars from parts and supplies already on the factory floor.

Schott came out of the deal with the distributorship for Willys-Overland in 16 midwestern states. His associates split up the rest of the country. Schott, as dealer, handled 6,000 of the 16,000 cars manufactured under the emergency arrangement.

• **Stock Issue Floated**—The next step was to get a \$3,000,000 issue of Willys-Overland stock floated on the New York market. Schott subscribed to 9% of the issue at the underwriter's price. When the stock shot up eight to ten points (it later dropped back), Schott had hit the big money.

Schott still has a substantial block of Willys stock. He still holds the distributorship for Willys (Jeep) and Reo trucks in southern Ohio, Kentucky, and Indiana.

• **Then Hayes Body**—Shortly after the Willys financing, a somewhat similar

reorganization of the Hayes Body Co., Grand Rapids, Mich., also returned Schott a nice profit.

By this time, the four other brothers and two sisters had taken their places in the family team. So had Margaret C. Schott, Walter Schott's wife.

Harold Schott, the number two member of the family, heads money-making Columbia Axle Co., Cleveland, which already has converted from war work and is ready to take orders for automotive and aviation parts.

• **An Attorney, Too**—Alfred Schott is in charge of Eagle Mfg. Co., Cincinnati. Joe Schott manages the J. A. Fay & Egan Co., Cincinnati. Milton Schott, the youngest brother, is family attorney.

One sister, Mrs. Elsie Luckney, manages the Heinz-Munschauer Machinery Co. in Buffalo. The other, Mrs. Marie Geiringer, manages the family real estate holdings in Toledo and acts as Toledo distributor for the Cincinnati Time Recorder Co.

• **Out of the Army**—Walter Schott, now 44, has just got out of the Army where he was a lieutenant colonel in ordnance. He has no intention of combining the family investments in a single holding company. He likes to keep each enterprise separate. He intends to keep on adding new properties, paying for them out of comfortable cash reserves and confining stock ownership to the tight Schott family group.

LOW PRICE

is not the only reason for buying

There is a good deal of talk today about "opportunities" to buy "surplus" or used machine tools at very low prices.

Some of them are bargains and some are not.

Some of them, after several years of seven-day war production, may have been overworked or under cared for.

Add reconditioning and retooling costs to the low purchase price and the bargain disappears. You might be paying too much for a machine that cannot produce up to today's cost requirements.

As this applies to Acme-Gridley Automatics, let us suggest that you buy no surplus machine without knowing *all* about its age, what it will do, and above all, its present condition.

Remember that the only real value any machine has, old or new, is its ability to produce. And looking ahead, that must be ability to produce at *lowest cost*.

In deciding whether to buy new equipment or to buy from surplus, please feel free to call upon the broad experience of our organization.

Three Vers-o-tools—two for threading and one for forming—are used to finish this stainless steel valve stem on an Acme-Gridley Automatic Bar Machine.

Job produced at new low cost—through money saved on speed and precision of work, lower tool investment and longer tool life.



ACME-GRIDLEY BAR and CHUCKING AUTOMATICS

maintain accuracy at the highest spindle speeds and fastest feeds modern cutting tools can withstand.

THE NATIONAL ACME COMPANY

170 EAST 131st STREET • CLEVELAND 8, OHIO

PRODUCTION

Instruments Function in Cans

Cook Electric reveals war-born Stratopax method by which relays, switches, and other controls operate within gas-filled enclosures, safe from weather and other hazards of high-altitude use.

Progress in thoroughly sealing metal enclosures which could not be revealed during the war has now been reported by Cook Electric Co., Chicago.

• **Unit Works in the Can**—The firm calls its enclosures "Stratopax." Aside from the technological improvements claimed for this method of hermetic sealing, the technique is notable for the fact that the package is used to protect the product during its entire period of use. The working unit remains inside the package. The can, shaped to fit the contents and the available space, is designed to permit perfect functioning of the fully enclosed unit without removal from the protection of the container.

The original purpose was to eliminate fire hazards caused by insulation breakdown and excessive arcing in standard electrical controls such as relays, contactors, circuit breakers, and switches when operated under the low-pressure conditions of high-altitude flight. Subsequently the concept was extended to provide trouble-free operation and increased lifetime wherever weather conditions, fungus, explosives, and dust are factors.

• **Billionth Pound of Air**—Cook's method is intended to reach beyond previous techniques of hermetic sealing to provide a measurement of the extent of tightness of leaks, after complete final assembly, outgassing, filling with inert gas, and sealing off. The firm claims that its test laboratories can detect and measure such minute leakage quantities as 0.01 micron cu. ft. of gas per hr., which in terms of air is as little as one-billionth lb. per hr.

Early attempts at sealing in gas-filled containers—most of these merely for protection from the factory to opening at the point of use—tended to the more plentiful gases, particularly nitrogen. The Stratopax technique involves use of gases compounded to meet particular conditions. Cook uses the trade name of "Dry Nithelon," followed by a number to indicate the particular formula.

• **Purging With Helium**—Tests are currently under way with such gases as hydrogen, helium, and freon. In its general approach, Cook outgasses by alternately subjecting the package to a

low vacuum and then purging with a small-atomed gas such as helium.

The unit is heated with infra-red lamps to drive out gas and get rid of moisture and other foreign substances which might cause corrosion. Evacuation is carried down to the degree indicated for proper leak-rating and the inert gas for the proper environment is usually maintained and sealed off at extremely low pressure. Thus the method aims to keep the unit operating inside the enclosure at top efficiency for its desired lifetime of service.

• **Custom Packaging**—At first intending to use its process solely on the company's own product, Cook soon found itself drafted into Stratopaxing electrical products of other manufacturers which were needed for use particularly in high-altitude aircraft. Besides supplying the cans in which to pack the product, the company also supplies such auxiliary

units or substitutes as are required.

In packing and sealing instruments of other manufacture, Cook engineers undertake a series of operations in steps. They analyze the instrument for electrical, mechanical, and physical characteristics and determine all such points as mounting requirements, bolts and bolt locations, and ways to reduce shock and vibration.

• **Pre-Package Precautions**—Because the electrical equipment will never be removed from the can, Cook engineers have to check location of individual terminals, arrangement to accommodate cables and the like, and duplication of original lugs, binding posts, and plug-ins. One point always considered is whether several adjacent instruments could better be combined into a single package.

In designing the package, the engineers must plan to provide the entire assembly or chassis with appropriate mounting, terminations, test lamps, inspection ports, and test circuit terminals.

• **Operational Factors**—To avoid heat accumulation inside the package when the unit within it is operating, the design takes into consideration the need for using gases of high thermal conductivity. Other devices used for this purpose are radiating flanges and expanding bellows section. Corrosion is met with appropriate metals, platings, and methods of metal joining.

A final check-over covers suspension



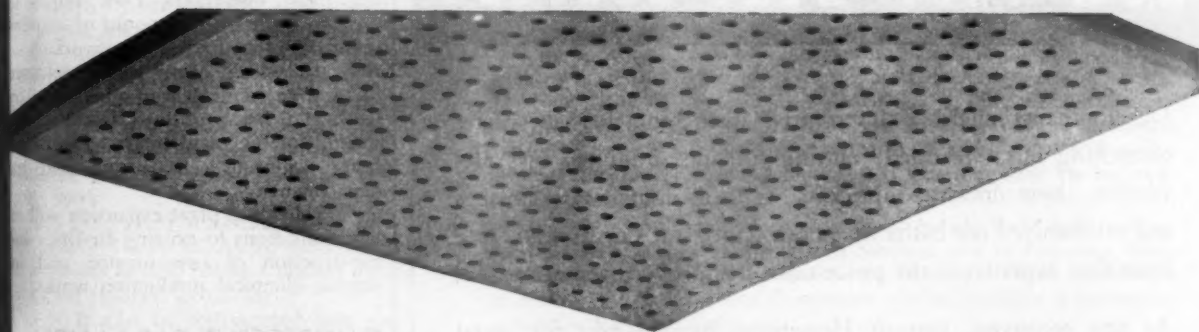
ANOTHER TRIUMPH OF THE ASSEMBLY LINE

Tiny by comparison with those of some war plants, an assembly line at Hamilton Watch Co., Lancaster, Pa., nevertheless is a tribute to U.S. industrial ingenuity. Prewar marine chronometers were mostly the products of individual craftsmen, who guarded methods jealously, together made about 400 a year. When the Navy asked for thousands in a hurry, Hamilton helped upset tradition by standardizing the manufacture of chronometer components to permit mass production and allow the complete interchangeability of parts.

Here are office Noise Demons on the loose



Here is the ceiling that traps them



It's Armstrong's Cushiontone

YOU can't ignore noise demons. They come from the irritating din of clattering machines, loud voices, and clanging bells. Noise demons rasp your nerves—keep you from concentrating—and hamper your work in general.

But you don't need to put up with this distracting condition any

longer. It's easy to get rid of noise demons, once and for all, with an economical ceiling of Armstrong's Cushiontone.*

The 484 deep holes in each 12" square of this fibrous material trap noise demons—absorb up to 75% of all noise striking the ceiling. Cushiontone is an excellent

reflector of light, and it can be repainted without decreasing its high acoustical efficiency.

NEW FREE BOOKLET gives all the facts. Write for your copy to Armstrong Cork Company, 3009 Stevens Street, Lancaster, Pa.



* Reg. U. S. Pat. Off.

MADE BY THE ARMSTRONG CORK COMPANY, LANCASTER, PA.



those tough wartime metal problems?

When munitions were distorted and quench-cracked by conventional methods of heat treatment?

When shells would not meet physicals until quenched in new high-speed oil?

When ordinary cutting oils failed as gun barrels were drilled at high speed?

When corrosion ruined machined parts shipped over the world?

When steel cartridge cases seemed impossible to draw?

When liquid carburizing was thought to be economically limited to .050"?

When black oxide finish was considered only a substitute for plating?

ASK THE HOUGHTON MAN HOW THEY WERE SOLVED!

Developments such as interrupted quenching in salt, faster quenching oils, "fortified" cutting coolants, inhibited rust preventives, new drawing lubricants, controlled oxidation finishes and mechanized salt baths were born out of war's necessities. And from that experience, the peace-time changeover becomes easier.

As you reconvert, consult Houghton, headquarters for metal working and heat treating. Here is a nation-wide organization of trained engineers, ready to serve you, and backed by research facilities unsurpassed in its field.

You who called on Houghton during the tough early war production days can continue to count on us to help cushion the shock of reversion.

Write E. F. Houghton & Co.,
303 W. Lehigh Ave., Phila. 33, Pa.

HOUGHTON'S
*War-developed products
for the peace-time job!*

techniques, interior wiring to outside terminals, weight reduction, insulation possible use of glass inclosed terminals and compression couplings. A favorite device is using bellows to permit manual actuation of switches, reset mechanisms and adjustments.

• **Brazing and Welding**—Cook engineers are proud of their care in the sequence of use of various brazing, welding, and soldering operations. Their general procedure is to start with the method requiring highest temperature, and then work downward—as copper brazing at 2,100 F, silver brazing at 700-1,400 F and soft soldering at 400-600 F. Helium and atomic hydrogen welding are also used when additional temperature steps are required in sealing.

Cook Electric is also engaged in a long-term packaging project for the military by a process which it calls "Neutropax." This involves large vehicles and weapons of the sort other companies are processing for long-term preservation (BW—Aug. 4'45, p68).

DOW EXPANDS IN TEXAS

Dow Chemical Co. has started a \$15,000,000 expansion of its chemical plant at Freeport, Tex., while just across the Brazos River at Velasco its subsidiary, Dow Magnesium Corp., is halting production at its Reconstruction Finance Corp.-built magnesium plant.

With 2,000 workers needed for construction, and others required for chemical plant operations, Dow hopes to provide a substantial amount of employment for the magnesium workers as they are laid off. Many will be retained for a time in magnesium plant lay-off work and for continued operation of sections of the plant such as the power house, chlorine cells, water, and general departments.

The chemical plant expansion will include additions to existing facilities and construction of new organic and inorganic chemical production works.

FLUORESCENT CAR LAMPS

A fluorescent lamp and auxiliary adapted to the rough service of transit vehicles has been designed after tests conducted by Sylvania Electric Products, Inc., New York City, and Communication Industries, Inc., Bloomfield, N. J., in which the New York Board of Transportation cooperated.

The development makes fluorescent lighting available to the transit industry without expensive equipment to convert the power to alternating current. Each lamp has its own auxiliary and operates directly from the direct current voltage of 400 to 700 v. in third rail or overhead wiring.

Aluminum on Spot

With two billion pounds of scrap awaiting disposal, industry faces problem of finding new markets to absorb big output.

A billion pounds of aluminum in war weary and crashed airplanes, plus another billion pounds or more in surplus planes, equipment, partially processed war material, and war plant stocks, hangs like the sword of Damocles over the nation's aluminum processing and fabricating industries.

• **Equal to Year's Output**—How much of that metal, scattered as it is in virtually every part of the world, can be economically reconverted, is a question government agencies and the industry are pondering.

A concomitant problem is the effect of this huge stockpile of secondary metal on primary aluminum production—for the scrap, in toto, is just about equivalent to a full year's output of the nation's war-expanded aluminum industry. (Peak production was 2,360,700,000 lb. in 1943, divided 1,839,700,000 lb. of primary aluminum, 521,000,000 lb. of secondary recovery.)

While the Surplus Property Board, Reconstruction Finance Corp., Aluminum Assn., and top policy makers in the industry are sweating over matters of price, supply, stockpiling, and markets, technicians and operating men are going right ahead with plans for use of scrap aluminum—and are coming up with a lot of ingenious ideas.

• **Three Possibilities**—Secondary aluminum can be utilized in three general ways:

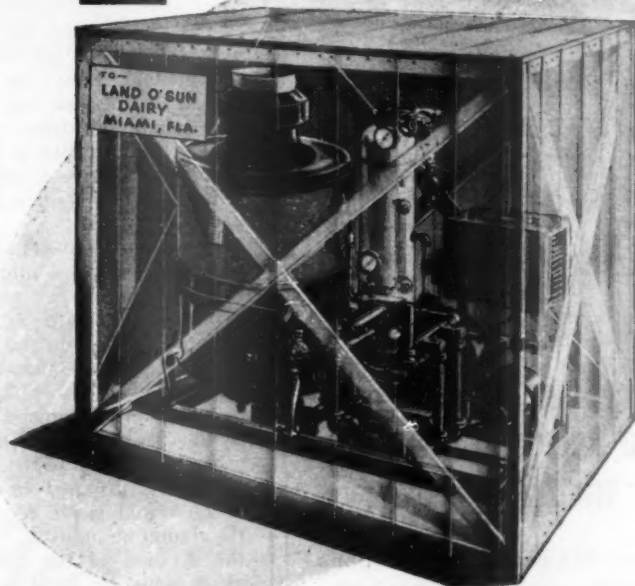
(1) Segregated according to the type of alloy, it can be mixed into virgin aluminum to help produce desired qualities in finished products.

(2) It can be reconverted into virgin aluminum in a process which chemically separates the alloying materials, recovering the aluminum in the form of aluminum oxide (BW—May 12'45, p46). Another process for recovering the metal separates the aluminum alloys from nonaluminum products by melting in a sloping hearth furnace, taking advantage of the lower melting point of the aluminum alloys.

(3) It can be remelted and used "as is" in products which do not require close control of quality.

Much effort now is being directed toward use of the scrap about "as is," that is, as a heterogeneous collection of alloys tossed into a single melt and sweetened to the desired composition, for careful segregation of various

It's ALL in the Crate!



CLAYTON STEAM GENERATORS

are Complete and Ready to go . . .

YOUR CLAYTON Steam Generator will come to you complete in the crate . . . no bricking, setting, additional equipment, or accessories are necessary. Water, fuel and electric connections are the only requirements for operation. These generators fit into one-fourth the space and weigh only half as much as the conventional boiler.

Clayton Steam Generators incorporate many long sought performance features that set entirely new standards for generating steam. They are 75 to 80 per cent over-all efficient . . . fully automatic . . . instantly adjust themselves to any load between minimum and maximum capacity . . . reach full working pressure from a cold start within five minutes. Operation does not require a trained engineer (unless contrary to local ordinances).

Thousands of Clayton Generators have proven their many advantages in all branches of the Armed Services and in Industry. Since 1940, military requirements have so far taxed our entire production . . . but soon, Clayton Steam Generators will be available in increasing quantities for commercial use.

These generators are especially adaptable for use in canneries, laundries, food dehydration, dairies, plastic and rubber processing (tire retreading), plating, heating, kitchens, cleaning, distilling, sterilizing, and for all types of steam processing.

Clayton Steam Generators are made in six sizes, oil, or gas fired, 10 to 100 H.P. All are capable of operating pressures up to 150 lbs. p.s.i.



If your plans call for additional boilers, or replacement of present equipment, we will be glad to send you our new catalog.

CLAYTON

MANUFACTURING CO
ALHAMBRA, CALIFORNIA



MANUFACTURERS
OF
STEAM GENERATORS,
CRASSIS AND ENGINE
DYKHO METERS,
SERBICK SEAMERS,
HYDRAULIC VALVES



IT'S EASY TO KEEP METAL BRIGHT THE **WHIZ** WAY!

WHIZ METAL POLISH cleans chemically—eliminates hard, continuous rubbing because it actually *dissolves* tarnish. Put it on . . . let it dry . . . wipe it off. *It's that easy!* And **WHIZ METAL POLISH** stretches the time between polishings by depositing a thin, transparent, protective coating that retards oxidation and tarnish.



WHIZ METAL POLISH is one of more than 50 Whiz maintenance chemicals. Order from your Whiz distributor. **Industrial Division, R. M. Hollingshead Corp., Camden, New Jersey; Toronto, Canada.**



METAL POLISH

A PRODUCT OF *Hollingshead*
LEADER IN MAINTENANCE CHEMICALS

RFC to Void Alcoa Leases in Seven Plants

The government this week took another step toward breaking the stranglehold it says the Aluminum Co. of America has held on the nation's aluminum reduction and processing industry. But in so doing, it apparently sacrificed any hopes of selling surplus aluminum facilities as going concerns.

• **Leases Cut Short**—The Reconstruction Finance Corp. informed Alcoa that its leases on five reduction and two alumina plants would be terminated as of midnight Oct. 31 instead of running to their effective termination dates in 1947 and 1948.

Acting on recommendation of the Surplus Property Board, RFC said it wished to free the plants so that they "could be disposed of in manner which would create competition in the aluminum industry," in line with the decision of the Circuit Court of Appeals in New York in the Alcoa antitrust case (BW-Mar. 17'45,p7).

• **An Interim Offer**—In the hope of keeping at least some of the plants

operating until Reynolds Metals Co. (BW-Sep. 1'45,p42) or some other buyer can close a deal, RFC asked Alcoa to take one-year leases cancelable on 60 days' notice. But Alcoa quickly declined, figuring there was no percentage in keeping them going for a potential competitor's benefit.

Two of the five reduction plants and one of the two alumina plants previously had been shut down, and closing of the others now will follow. Reduction plants still running are those at Jones Mill, Ark. (capacity 141,000,000 lb. annually), Spokane, Wash. (216,000,000 lb.), and Troutdale, Ore. (141,000,000 lb.). Already closed are those at Los Angeles (178,000,000 lb.) and Massena, N. Y. (105,000,000 lb.).

• **Until Someone Appears**—The Hurricane Creek (Ark.) alumina plant (capacity 1,555,000 lb. annually) now will join the Baton Rouge (La.) plant (1,000,000,000-lb. capacity annually) in idleness until a new operator appears.

grades and alloys is costly. And expenses of the reconversion processes may preclude their use in competition with virgin metal from bauxite.

• **To Push Building Uses**—Aluminum Co. of America has its eyes on the construction field as one place where large quantities of both primary and secondary metal might be employed. Besides such well-established uses as window sash and frames, spandrels, and various interior and trim applications, Alcoa looks for tremendous expansion in use of corrugated sheet, particularly in rural areas.

One-third of all rural roofing is galvanized iron, and if aluminum can take over only a portion of this market, now estimated at hundreds of millions of pounds annually, plenty of scrap could be used. (It probably would have to be given an exterior coating of either pure aluminum or a suitable alloy to produce what Alcoa calls "Alclad" in order to give desired corrosion resistance. And aluminum's higher initial cost would have to be offset by proof of longer life and lower maintenance.)

• **For Facings, Too**—Still in the idea stage is a plan for using aluminum as building facing, in place of brick or stone. Alcoa has developed a method for backing sheets with insulating material to produce a light, fire-resistant

facing. The weight saving thus made possible could be reflected in lighter construction throughout the entire structure, reducing size of foundations, supporting pillars, and walls.

Reynolds Metals Co. also is looking to the building field. Like Alcoa, Reynolds expects to push the use of flat aluminum roofing (distinct from corrugated) for industrial and commercial structures, particularly where high resistance to corrosion is required.

• **Question of Cost**—In the automotive field, light metals producers and foundries hope to stimulate increased use of secondary aluminum in cylinder heads, crankcases, and pistons. Big possibilities are seen in substituting chromium plated aluminum for zinc die castings in ornamental pieces such as radiator grilles, exterior and interior trim and ornamentation.

But here, as in many other instances, the big question is cost. (Weight saving also would be a factor, of course.) If aluminum, secondary or virgin, can be offered cheaply enough (some makers say 7¢ to 9¢ a lb. against the present 15¢ for virgin ingot aluminum), the market is there. Scrap aluminum at 8¢ a lb. would cut quite a figure in the motor car, truck, and bus field.

• **Variety of Uses**—By and large, secondary aluminum can be used wherever low cost is a primary consideration.

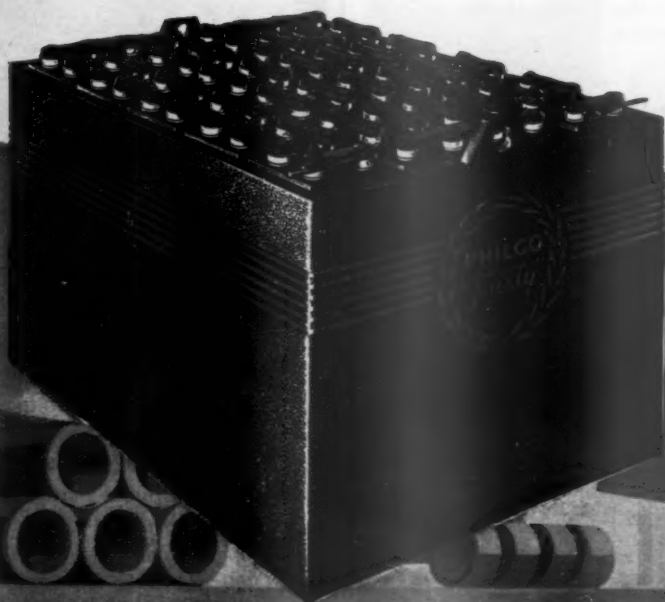
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HANDLING JOBS... SPECIFY THE NEW

PHILCO "THIRTY"

*- with 30%
Longer Life!*

The tougher the jobs, the better this new Philco "Thirty" Storage Battery shows up. For long ramps and heavy loads — Philco "Thirty" delivers the power. And — in addition — it gives 30% longer life! Write today for the new Philco "Thirty" catalog.

The new Philco "Thirty" for electric industrial trucks is identified by its distinctive red connectors.



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FOR 30 YEARS A LEADER IN INDUSTRIAL STORAGE BATTERY DEVELOPMENT



The Service Manager Says:

"Blackhawk Hydraulic Activating Controls Mean Fewer Field Headaches"

"Man! When I get the field reports on performance of our equipment having Blackhawk Hydraulics—I really get a thrill! I had always been skeptical of hydraulics . . . sort of figured they would involve a lot of trick ballasts and temperamental devices. But I found that Blackhawk High-Pressure Systems were different. They are rugged and simple, with lot less mechanical parts. That means less friction and wear—and to me that means less servicing."



In Blackhawk Hydraulics, *high-pressure* really means *super pressure* because Blackhawk builds hydraulic systems with internal pressures up to 10,000 pounds per square inch. That's TEN TIMES what's often found in ordinary hydraulics.

Blackhawk High-Pressure Hydraulics Give Equipment Manufacturers These Exclusive Advantages

- ★ Smaller ram size makes redesigning of equipment, to take aboard a hydraulic system, unnecessary in most cases.
- ★ Fingertip controlled, Blackhawk Hydraulic Systems provide more speed and convenience—outstanding selling advantages.
- ★ Greater power in a more compact unit requires less materials and creates low costs.
- ★ Compact, rugged and simple—no fussy hookups, no specialists required for assembly.

For 22 years, we have specialized in mass production of precision built hydraulic units. For information on High-Pressure Hydraulic Controls for your present equipment or future designs, write us.

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BLACKHAWK

High-Pressure Hydraulics

outweighing advantages inherent in the more expensive, special quality alloys. This would include a whole host of products—toys, some mechanical tools, cast aluminum cooking utensils, plated hardware, and sole plates for electric irons.

But unsegregated aluminum still cannot be used in many industries which have been or are expected to be large buyers.

• **Estimated Market**—Thus, in the transportation field, which is expected to produce one-third of the future market for aluminum, use of secondary aluminum is largely precluded for airplanes, railroad passenger and freight cars, and motor vehicles (except some engine parts and ornaments). Little secondary can be used in the machinery and electrical appliance industries (12% of the anticipated market), electrical conductor (8%), chemical (5%), or food and beverage (5%). Even cooking utensils (10% of the anticipated market) and building construction (9%) will use a considerable quantity of special alloys.

For all the enthusiastic predictions, therefore, it looks to the aluminum processing industry as though both it and the government will have to worry over the scrap surplus problem for a long time to come.



PUMPS FOR BUSY TIRES

In a specially built plant, Monroe Auto Equipment Co., Petersburg, Mich., speeds quantity production of new tire pumps by use of an automatic welding machine (above) that brazes bases to pump barrels three at a time. This is one step in the company's assembly line, which now puts out 1,000 pumps a day—and a step toward the goal of 10,000 daily.

NEW PRODUCTS

Versatile Rayon Fabric

Next month the new Ponemah Miracle Rayon Fabric, which is being spun and woven by Ponemah Mills, Taftville, Conn., out of the same highstrength



rayon that gave superior physical qualities to the cords in airplane tires, will be available at retail stores in a wide variety of clothing. There will be shirts, ties, and pajamas for men, suits and dresses for children, evening, daytime, and sports wear for women in many patterns and colors.

Yarn for the closely woven material, which runs over 200 threads to the inch, is spun from 1.0-denier fiber produced by the American Viscose Corp. and is said to be as fine as silk (BW—Jan. 1 '44, p96). The consequent ability of the fabric to meet the classic silk test of passing through a wedding ring (above) dramatizes only one of its characteristics. It is said to be as easy to wash as cotton and to dry so quickly that a woman's blouse can be washed, dried, and ironed in 45 min. It is not subject to rot, does not yellow with age, and is reported to be so resistant to creasing that garments packed away in a trunk lose their wrinkles after being hung up for a couple of hours.

Black Plastic Dye

Over the past few years the Krieger Color & Chemical Co., 6531 Santa Monica Blvd., Hollywood 38, Calif., has been formulating a series of dyes in 14

HYSTER

RUGGED TRACTOR EQUIPMENT for your 'CATERPILLAR'

Hyster tractor equipment is quality all the way through. Sound engineering. Rugged construction. Long life.

Hyster line is made for use with "Caterpillar" track-type tractors. Models include winches, donkeys, yarders, cranes, sulkies, logging arches.

Hyster Company has specialized in "Caterpillar" equipment for 16 years and is the world's largest maker of tractor winches.

The proving ground for Hyster equipment—as for "Caterpillars"—has been the tough towing, lifting and moving jobs around the globe. Long experience with the requirements of construction men in every country accounts for the heavy-duty service of the "Caterpillar"-Hyster combination.

Hyster tractor equipment is sold and serviced by more than 300 "Caterpillar" distributors and dealers throughout the world. One of them is near you. Ask him about Hyster models that will help in your work—or write direct for literature.

HYSTER COMPANY

Portland 12, Oregon

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World's largest manufacturer of Tractor Winches.

Builders of Hyster Industrial Trucks.

Service Offices in principal world cities.

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Extra power, extra pull. "Caterpillar" D7 equipped with a Hyster double drum Tractor Donkey.



If your competitor is an Employers Mutual policyholder, he has the edge on you because he is saving money on insurance that materially affects his business costs. No reason why you can't compete with him in saving money. Let an Employers Mutual man show you how.

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THE VICTOR SAFE

& EQUIPMENT CO.

THINGS TO COME

Work shirts of the peaceful future will neither develop holes after chance contact with drops of acid from storage batteries nor disintegrate more or less completely when worn habitually around fumes arising from metal pickling, rayon spinning, and other acid-employing industrial operations. Such acid-resistant apparel will supplement, rather than supplant, protective aprons and capes that are musts for workers dealing with strong acids.

Some of the shirts will be knitted, others woven, out of one acidproof synthetic fiber or another. A test lot of garments knitted out of Vinyon yarn is reported to be giving exceptional service to employees in the spinning room of a rayon plant where viscose is extruded through spinnerets and into a hardening bath consisting of sulphuric acid, sodium sulphate, zinc sulphate, and other chemical ingredients.

• Judgment of the speed with which a given load can be hoisted safely will pass from the crane operator to a new electric hoist drive soon to be incorporated in many types of indoor and outdoor cranes. Loads will be measured automatically by the drive as it takes hold, heavy loads being lifted or lowered slowly, light loads rapidly but never beyond maximum safe speed. If a load should prove to be too great an overload, the drive will say so—by refusing to budge it.

colors for various types of plastics, including the acrylics, the celluloses, and the polystyrenes. One formulation provides both color and fluorescence under black light (BW—Jan. 20 '45, p80). All can be applied to plastic moldings and structures before assembly into their final manufactured states.

Now the organization is bringing out Krieger-O-Dip Black Plastic Dye in all the different formulations required to fit the chemistry of the varied plastics. The new material is said to produce a permanent ebony shade after an undisclosed processing cycle requiring only 15 minutes.

Pocket Paper Drill

Showers of confetti that too frequently accompany the punching of paper for a ring binder promise to be

eliminated with the Kwik-Twst Paper Drill, recently patented product of the Smead Mfg. Co., Inc., 309 Second St., Hastings, Minn. Business part is a hollow bit so mounted in a hollow, transparent plastic handle that the cutting tool can be unscrewed, reversed, and screwed into the handle to protect its sharp edge and the user's pocket.

The drill, which comes in a single size for making standard 1-in. holes, is said to twist through a 1-in. stack of paper in less time than it takes to describe the operation, boring a clean round hole in each sheet with no ragged edges that might lead to subsequent tearing. The drilled-out paper cuttings travel up through the bit and into the hollow handle. With the drill is furnished a plastic template providing the hole spacings for all standard types of binders.

Delay Switch

An accessible setscrew in the toggle lever of the new Tymzit Switch permits it to be preset for any time interval of delayed action from zero to 3 min. after the lever has been flipped into the off position. A porch light can be turned off when company bids good night, but the light itself will stay on until all treacherous steps have been negotiated. Bedroom lights can stay on for the seconds necessary to reach the bed. Whenever desired, however, electric power or lights can be turned off instantly by a slight continuing downward push of the lever.

The device, which is a product of the T. J. Mudon Co., 1240 Merchandise Mart, Chicago 54, comes in single- and double-pole assemblies with a rating of 10 amp. at 125 v. and 5 amp. at 250 v. It is equipped with a phosphorescent tip on the lever for easy location in the dark. The entire switch assembly is said to be so compact that it fits into any standard wall box, including the small Gem B, or handy, types.

Multiribbed-Wheel Dresser

Purpose of the new Sheffield Semi Automatic Diamond Dresser, developed by the Sheffield Corp., Dayton 1, Ohio, is to facilitate the conversion of a single point thread grinder to multiribbed wheel work. The device is simply mounted between the centers of a grinder and actuated by the driving pin in the latter's usual face plate. As the precision-ground cam, which controls the generation of a particular thread pitch, revolves it causes a diamond of suitable contour to move in and out against the face of the grinding wheel to original pitch and sharpness.

MARKETING

Military Surplus Stores Spurt

With a wary eye on the Federal Trade Commission, dealers in Army and Navy goods prepare to cash in on eager public demand for such items. Federal agency moves to stamp out trade abuses.

"Army and Navy" stores, which spread like a rash after 1918 and had only slightly lost their customer appeal by 1932, when genuine military stocks had disappeared from the market, are ready for another spurt—this time with a wary eye on the Federal Trade Commission.

• **Public Appeal**—Many of the estimated 5,000 outlets now in this business got their start—or at least an assist—by selling World War surpluses. Even at the peak of surplus distribution, their stocks were generally not more than 50% government goods, but the Army-Navy designation had so much public appeal that it was continued long after the stores had settled down to handling strictly civilian items: work clothing, heavy shoes, camping equipment, other durable, popular-priced merchandise.

Now, as in the past, these stores obtain their Army-Navy goods from either regular wholesalers or firms that specialize in buying government goods and jobbing them to the trade.

• **Eyes on Surplus**—Typically, weekly sales volume of one of these stores is between \$1,000 and \$5,000, depending on size and location. Right now government merchandise only represents something like 10% of their total stocks, but Charles Lipsett, veteran publisher of government surplus listings, estimates that it is likely to reach 70% as surplus disposition is accelerated.

One source of optimism is a belief that a craze for camping and outdoor life in general will sweep the country, just as it did after the last war. Army-Navy stores cater to this trade, as well as to more workaday needs.

• **Abuses**—While Army and Navy stores are generally credited with honest distribution of government surpluses to eager consumers, the business has had its share of abuses. In the early 1920's, there was so much indignation over such outlets' alleged victimizing of the public that the War Dept. undertook to do its own retailing of surpluses.

The department actually established a chain of 75 to 100 stores, but discontinued them after a few months' operation at steady losses. After that the Federal Trade Commission took over

the job of policing privately owned Army-Navy stores.

• **Cease and Desist**—One of FTC's best known cases in this field was that of Billings-Chapin Co., which for more than 30 years marketed deck paint labeled "U. S. N." and, later, "U. S." in navy blue and white, with a picture of the battleship Maine. In 1935 the company was ordered to cease and desist from using such labels; the paint did not conform to Navy specifications.

In Washington, D. C., where FTC exercises jurisdiction over retailing which, in the states, is vested in the legislatures, the outstanding case was that of the Army & Navy Trading Co. When this store's military inventories fell from 90% in 1927 to 18% in 1932, and still smaller amounts later, FTC

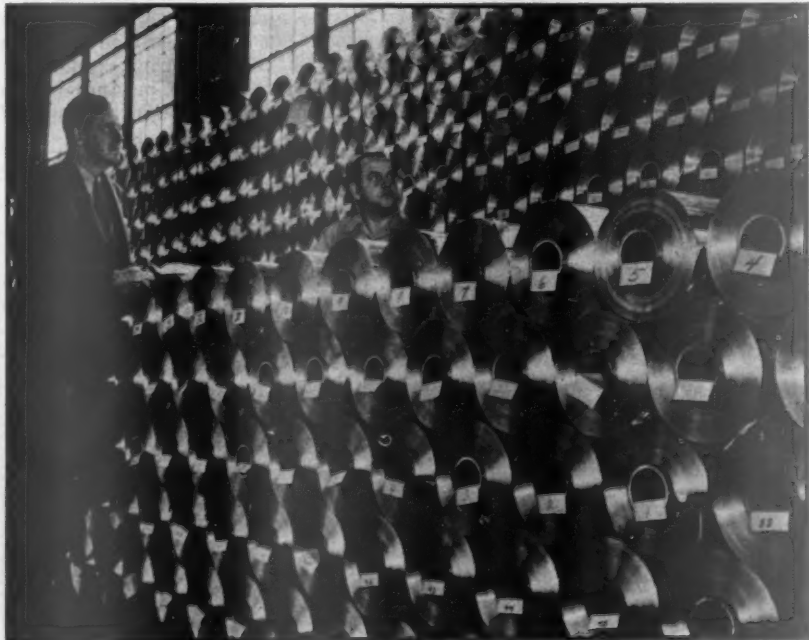
objected to continued use of the store's name.

• **Name Changed**—In 1937, it was changed to A & N Trading Co., Inc., after vain attempts to keep the profitable old name by using qualifying words like, "We Do Not Handle Exclusively Army and Navy Goods."

When the District Court of Appeals ruled against the firm, it made an important distinction: Such stores may legally use the words "Army" and "Navy" on Army and Navy merchandise, whether or not it is obtained directly from the services. As this war's military stocks are sold, observing customers will probably note that outlets handling them cautiously invite, "Buy Your Army & Navy Goods Here," with the three sales-making words much bigger than the others, rather than boldly advertising themselves as "Army & Navy" stores.

• **Raincoat Case**—Currently FTC is charging the L.-S. Donaldson Co. of Minneapolis and the Jordan-Marsh Co. of Boston with representing that U. S. Army raincoats were "rejects" only because the fabric had a slight shading. FTC alleges that the coats were rust-stained, that the seams were improperly cemented, and that in other ways they did not meet Army specifications.

Allied Purchasing Corp., 1440 Broad-



ALUMINUM FOIL DEMOBILIZES FOR PEACE

Stacked in a warehouse at Alcoa's New Kensington (Pa.) plant, 250,000 lb. of aluminum wait to be mustered out for peacetime use. The foil was originally intended for wrapping military machinery. Now its many uses will include protecting foods and cigarettes, combining with paper in laminated, moisture-proof packages, and as an insulator in building construction.

Get the point!



It's the working end of a pencil. On Venus VELVETS it's smooth. And it's strong because the lead is bonded to the wood (*Pressure-Proofed*).

Venus VELVETS are better pencils... but only 5¢.



**VENUS
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PENCILS**

AMERICAN LEAD PENCIL COMPANY, HOBOKEN, NEW JERSEY

way, New York, which has the same offices and several of the same officers as Allied Stores Corp., supplied the rain-coats, and both concerns are named in the complaint. Allied Stores owns the Bon Marche, Seattle; Dey Brothers, Syracuse; and Quackenbush, Paterson, N. J. Donaldson's and Jordan-Marsh have entered general denials saying, in effect, that they had no knowledge that the coats were defective as alleged.

• **Mess Kits and Socks**—Also ready for hearing is a complaint against Henry, Rose, and William Modell, 280 Broadway, with stores at 198 and 204 Broadway and at 243 West 42nd Street, New York. Among other things, they are charged with advertising "Stainless Steel Mess Kit Outfits, Brand New Regulation G.I." and "U. S. Navy socks" that did not meet Army and Navy specifications.

The Modells assert that "regulation" means the general type or description of the goods offered for sale and not that the goods conformed to Army or Navy specifications.

• **States' Function**—The power of the FTC to control misleading and dishonest use of the Army and Navy name on goods and stores is restricted to those in the District of Columbia and in interstate trade. Unless states, therefore, take a hand in policing stores with local sales, abuses are bound to arise in a market whose buyers are eager to buy whatever looks like military surplus rather than civilian wartime ersatz.

Ohio took the lead in April with a law prohibiting the use in the name of a store of such words as army, navy, marine, coast guard, post exchange, government, G.I., or P-X.

ANOTHER PLASTIC DISC

Decca Records, Inc., is the first phonograph record manufacturer to take up RCA Victor's challenge of a high-fidelity plastic disc for home use (BW-Sep.8'45,p88). With a reminder that its subsidiary, World Broadcasting System, Inc., has been making unbreakable Vinylite records for the radio industry for a dozen years now, Decca has announced that it will add plastic discs to its regular line when the public indicates that it is ready to pay twice as much for records.

Since RCA plans to use the plastic records only for classical recordings—at least initially—and since Decca has never attempted to build up a classical catalog, Decca shouldn't be crowded into competitive retaliation. Decca's own reconversion plans include a shellac disc made to a new formula which the company claims eliminates virtually all flaws and surface noise, giving a tonal quality greatly superior to prewar records.

Job for Facsimile

Microwave transmission is being explored by Fairchild as possible means of speeding its news pages to the West Coast.

Efforts of Fairchild Publications Co. to deliver today's trade news today are bringing radio facsimile back into the news after several years' obscurity.

West Coast and midwest subscribers to Louis Fairchild's three newspapers, Women's Wear Daily, Daily News Record (covering the men's apparel field), and Retailing-Home Furnishings, now get their copies from one to four days late.

• **Some Use Air Mail**—Country-wide circulation of the three papers totals 80,000. Their importance to the trades is indicated by the willingness of a handful of subscribers to pay for air-mail delivery: an average of \$100 annually for Daily News Record.

These impatient readers need such features as the daily price listing of over 100 gray goods "constructions" (fabric of specified warp, filling, and weight) which Daily News Record normally carries. But style news can be equally important to profits in these mercurial trades. Still remembered is the untimely death of the "Empress Eugenie" millinery vogue, when merchants who didn't unload in time were left holding dozens or hundreds of unsalable hats.

• **Possibilities**—Three media would make prompt delivery possible, and Fairchild will take the one that is able to promise best results:

(1) Air express could be used to send either mats or finished editions. Fairchild is, in fact, discussing plane schedules and rates with Air Cargo, Inc., and commercial airlines.

(2) Facsimile transmission by coaxial cable looks promising, if and when adequate networks are constructed and made available for lease.

(3) Radio facsimile by microwave (shortwave) in the ultrahigh frequencies which the Federal Communications Commission recently allocated for this purpose (BW-Jun.30'45,p90) is most likely to win out, according to a survey which Wilmette Laboratories, Washington, D. C., made for Fairchild.

• **How It Works**—Radio facsimile is basically like wire facsimile, by which the news services now send photographs. In wire facsimile, a pin-point of light from an "electric eye" scans the original photograph horizontally as it revolves on a drum, with about 100 scanning lines to the inch.

This light is reflected back, varying

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Tops in Protection

Against juvenile delinquency
—it's organized recreation



Against skidding
—it's tire chains

Against intruders and thieves
—it's Cyclone Fence

DO YOU need fence, gates or window guards to protect your property? Then write or call Cyclone—we probably can supply you. Our trained engineers will help you make the proper selection for your requirements and furnish a free estimate. You'll be under no obligation.

There are many reasons why Cyclone Fence should be your choice. It is tough, sturdy and long-lasting. Would-be trespassers find it a discouraging barrier. Its features include posts that stay true, rails that don't buckle, gates that don't drag. These advantages and many others have made U-S-S Cyclone the most

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Let us send you, free of charge, our big, 32-page book on fence. It is full of pictures, facts and specifications covering many types of fence, gates, wire mesh partitions and other safeguards for your property. Whatever your requirements you will find this book of real value. Mail the coupon.

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Interested in fencing: ☐ Industrial; ☐ School; ☐ Playground;
☐ Residence. Approximately..... feet.

UNITED STATES STEEL

intensity according to lights and shadows of the copy, into a photoelectric cell which generates electrical impulses. These are transmitted over telephone wires to the receiving equipment, where they activate a light beam which, also varying according to the original photograph, exposes a negative on a drum revolving at the same speed as the sending drum. The ultimate product can be either a positive or a negative.

By Radio Waves—In radio facsimile, the electrical impulses travel by radio waves instead of wires, and are "boosted" by relay stations at about 30-mile intervals, since short waves do not follow the earth's curvature.

This use of facsimile should not be confused with the "radio newspapers" introduced experimentally a few years ago (BW—Mar. 11 '39, p. 28), although the basic principle is the same. In such experiments, copy and type were transmitted by radio during the night to a home receiving set which turned out a strip of black-and-white copy for breakfast-time reading.

Electrolytic Process—Generally the receiving process was electrolytic: Impulses sent out by the transmitter activated a stylus in the receiving set, which applied a tiny spark to electro-sensitive paper, thereby burning off the outside white layer and exposing the black middle layer, thus reproducing original copy exactly.

Present speed of wire facsimile is 8 to 14 sq. in. per minute. That is too slow for Fairchild's purpose, although the company has used it on three occasions to transmit the first page of Daily News Record and Women's Wear Daily as a promotional stunt to be used at trade conventions.

Present Difficulties—Present equipment, designed for sending 8-x-10-in. photographs, permits sending only half of Fairchild's tabloid-size page at one time. Four such copies were then pasted together in order to make a standard size press page to be reproduced photographically.

At this rate, transmission of a typical 40-page issue would require about 40 hours. Higher speeds are obtainable only at the price of clarity, and even the present speed makes newspaper type (64 pt.) somewhat fuzzy after transmission and reproduction. If (as not infrequently happens) the electric impulses are interrupted at some intermediate point, the copy is blurred and transmission has to begin over again.

Requirements—To make radio facsimile a practical means of sending a master copy to distant printing plants, Fairchild requires a transmission speed of 70 sq. in. per minute, and, for adequate clarity, 150 to 300 scanning lines per inch. These requirements are un-

obtainable from the 2,000 cycles offered by telephone wires. It is expected that they can be obtained from either coaxial cable or microwave, both of which offer the necessary 15,000 to 25,000 cycles.

Existing coaxial cable networks are limited and, during wartime, have been monopolized by government and other high priority users. Even if they were available, the transmission cost so far is prohibitively high for Fairchild's purposes.

• **Microwave Stations**—There are no commercial facilities for microwave facsimile yet, but several companies have obtained FCC permission to build and operate relay stations. Among them are Raytheon Manufacturing Co., International Business Machines Corp., American Telephone & Telegraph Co., and General Electric Co.

Assuming that some commercial facsimile service is ultimately available, Fairchild would send copy from its New York pressroom by wire to a local transmitting station. From there it would go by microwave to the West Coast, with a "drop-off" (a copy made as the impulses pass through a relay station) in St. Louis or Kansas City, where copies for midwestern distribution would be printed.

• **Counting on Time Lag**—Fairchild counts on the three-hour time lag between New York and the Pacific Coast to achieve simultaneous printing in terms of the clock. For example, *Women's Wear Daily* goes to press at 10:30 p.m. in New York. Assuming that facsimile transmission of early forms were completed a few minutes later, and allowing plenty of time for press work, presses in San Francisco could start rolling by 10:30 San Francisco time.

Biggest obstacle to putting commercial facsimile service on a reasonable cost basis is the scarcity of steady customers. Only prospects are the handful of national daily newspapers; of these Fairchild is apparently the most keenly interested.

Raytheon is now constructing a microwave facsimile link between New York and Boston which will be available for experimental use within a few months. Transcontinental microwave facsimile service is probably two or three years away.

• **Engineer Engaged**—Meanwhile, Fairchild has hired an engineer to design terminal equipment suited to its particular needs. One specification, for example, is a drum large enough to accommodate a printed area 18 x 24 in., instead of the small size now generally used. But Fairchild freely admits that it may eventually buy its terminal equipment if any manufacturer meets its requirements.

Ads Ruled Out

Army cost-plus contractor may not deduct advertising in technical journals as expense, Comptroller General holds.

Comptroller General Lindsay Warren hasn't changed his mind about disallowing institutional advertising as an expense in cost-plus-fixed-fee contracts.

• **New Precedent**—More than 18 months ago, the General Accounting Office disallowed advertising expenses in two Army cost-plus contracts with Emerson Electric Mfg. Co. and Fleetwings, Inc. (BW—Jan. 8'44, p. 78). However, neither case resulted in a formal statement of policy by Warren.

Warren has now handed down such a ruling in the case of McDonnell Aircraft Co., Memphis. With regard to some \$6,000 of institutional advertising placed by McDonnell in trade and technical publications from 1941

through early 1944, Warren said: "While the desirability of offering financial support to certain trade and technical journals in order that information of interest may be distributed throughout the aircraft industry is readily apparent, I am unable to agree that such an expense is so closely associated with the performance of the contract involved as to warrant the conclusion that it was necessary for the performance of the contract."

• **Allowed by Army**—In its manual covering audit procedures for cost-plus contracts, the War Dept. lays down its policy that "Advertising of an institutional character (as contrasted with advertising of products for sale), placed in technical journals, primarily for the purpose of offering financial support to such journals because they are of value for the dissemination of technical information for the industry, is a reimbursable cost."

Following this policy, Army disbursing officers had reimbursed McDonnell for advertising expenses. When these payments were submitted to GAO's auditor, the auditor sent in a notice of exception and the Army recovered from McDonnell. McDonnell subsequently put in a reclaim voucher covering accumulated advertising expenses which the Army then sent to GAO for an "advance decision." This move brought down Warren's ruling.

• **Applies Generally**—While it was limited to McDonnell (GAO does not lay down broad rulings), GAO officials concede its general applicability and say that most contractors have long been aware of the Comptroller General's policy with regard to advertising. They point out that GAO is now "practically current" with the Army's cost-plus audits so that few contractors have a surprise in store.

Warren has not yet ruled on the admissibility of advertising expenses in a contract specifically providing for them, but GAO thinking is that they might not be allowable if the contracting officer had in any way exceeded his authority.

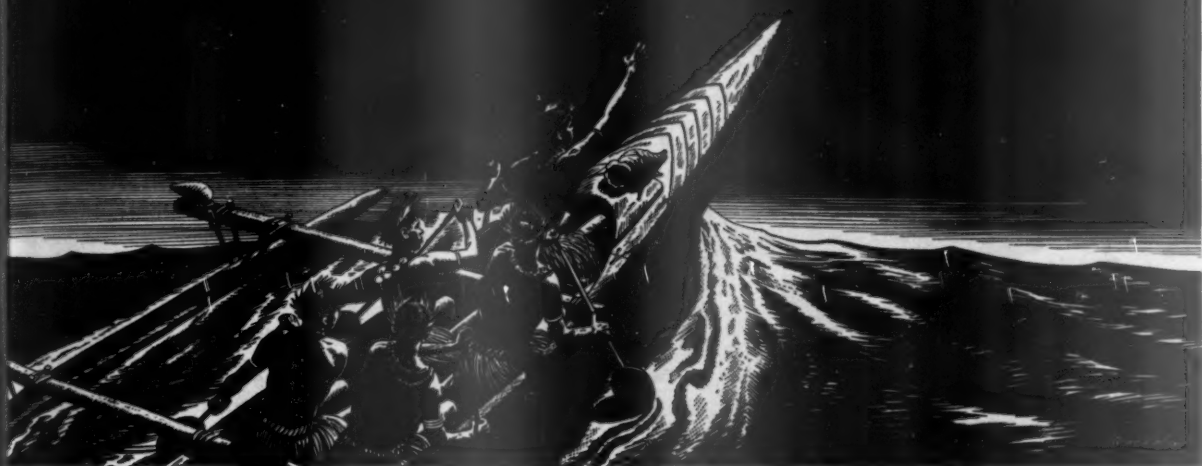
GAO officials concede that some Army Service Forces officers have taken issue with its policy on advertising. The Army could ask for a reconsideration of the McDonnell ruling as a test, but GAO isn't noted for changing its mind. McDonnell also could take Warren's ruling to the Court of Claims or (since less than \$10,000 is involved) to the federal courts.

• **Tax Deduction**—Actually, as a practical matter, the difference between Army policy and GAO's is not so great. Whether or not Warren disallows advertising as an expense, it is a cost of doing business and the contractor may



MOUTON COATS AGAIN

Women's coats (above) of Laskin mouton, made of lambskin shearlings that have been treated by a patented process for durability and beauty, are once more on display in retail stores. During the last two years, the government took 90% of this warm "fur" for linings and collars of aviator jackets. Now coats are being released for civilian wear and are selling under OPA ceilings—\$89.50 wholesale.



The Stars of Polynesia

Since prehistoric times, the people of the South Seas have been making long voyages in frail boats—back and forth among the tiny islands of their ocean. Many of these specks of land are thousands of miles apart.

It took World War II to reveal to the white man that through the ages these Pacific pathfinders had looked to the stars alone for guidance and found their way without maps or instruments. These stars of the southern hemisphere, previously unknown

to most of our airmen and seamen, have proved vital to winning the victory. Flyer or sailor, becoming familiar with the once strange constellations, looked into the heavens and felt that Mother Earth's greatest ocean was a friendly expanse.

It's not the first time that the useful tasks men have done in peacetime have been drafted to do the job of war. This is actually what happened to the workers of

America—and to Olin Industries.

The time has now come when we can all pick up the tools for the job of peace once more. Soon, from the many mills and laboratories that make up Olin Industries, will come rolling, guns and ammunition for sportsmen, roller skates for kids, flashlights and batteries for everybody. Then, too, there will be brass, bronze and other metals needed by countless manufacturers to create a thousand and one things to help make life more pleasant.

OLIN INDUSTRIES, INC.
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WINCHESTER REPEATING ARMS COMPANY • WESTERN CARTRIDGE COMPANY • WESTERN BRASS MILLS • BOND ELECTRIC CORPORATION • WESTERN POWDER MANUFACTURING COMPANY • GOVERNMENT OWNED OLIN OPERATED TACOMA ALUMINUM DIVISION • UNITED STATES CARTRIDGE COMPANY (OPERATING ST. LOUIS ORDNANCE PLANT) • LIBERTY POWDER COMPANY • EQUITABLE POWDER MANUFACTURING COMPANY • COLUMBIA POWDER COMPANY • EGYPTIAN POWDER COMPANY • TEXAS POWDER COMPANY

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CHAIN

for every need

International makes chain for every essential need: industrial, marine, farm, automotive. And International's manufacturing and service facilities are complete in every detail.

INTERNATIONAL CHAIN & MFG. CO.
YORK PENNA.

The
CAMPBELL
Line



deduct it from his income tax. (During the war, advertisers in the top bracket have been paying only 15.5¢ on the dollar.) And taxes paid are a credit against payment due the government on contract renegotiation. So that, while Warren's policy looks tough, in practice few contractors have kicked.

Advertising in other than technical and trade publications has been generally regarded, by the Army itself, as an inadmissible item of expense in cost-plus contracts. Fixed-fee contracts provide for "advertising expense to the extent consistent with a prewar program or to the extent reasonable under the circumstances." Fixed-fee contracts are not subject to GAO audit.

SCHNADIG NEGOTIATES

Early this week the proposed sale of Netcher's Boston Store in Chicago to a syndicate headed by Edgar L. Schnadig apparently was still pending, although nobody concerned was willing to talk.

Schnadig some months ago stepped out of the presidency to the inactive chairmanship of Alden's Chicago Mail Order Co. Since then, he has been negotiating for the all-cash \$20,000,000-a-year department store that stretches half a block along the west, less swanky side of Chicago's State St., half a block along Dearborn St., and a full block on Madison St.

Owner of the Boston Store and boss of the Netcher estate who has owned its 17-story building since the death of Charles Netcher 40 years ago is his widow, Mollie Netcher Newbury. Half a dozen previous attempts to buy the business have bogged down because her ideas of the rental or sale value of the structure exceeded the prospective purchaser's interest. True to tradition, the three investment banking firms backing Schnadig are reported willing to pay the price for the merchandise and business, but balky about buying or renting the building at the asking price.

P. S.

Pressure on Congress to O.K. funds for the Administration's long-projected reconversion census program will be stepped up now that plans for Ration Book No. 5 have been canceled. The Census Bureau counted on using the ration book population count as the foundation for much marketing research vital to reconversion. . . . Advertisers, agencies, and media representatives are trying to get together on the long-debated question (dormant during the war) of whether or not there should be a Hays Office setup to police advertising. Talk is of voluntary controls, administered by a board of review.

IT WON'T HAPPEN THIS TIME!



POST-WORLD WAR I

Big Stock Piles Slow Deliveries
Long-Range Buying



POST-WORLD WAR II

No Stock Piles Fast Deliveries
Rapid Turnover

WHAT HAPPENED AFTER WORLD WAR I?

Manufacturers started at a tremendous rate to catch up to the up demand for peacetime products. Then what happened? It came the day when the big depot was filled. Orders stopped. Manufacturers could not head the stream of incoming freight cars and raw materials. Nor could they liquidate the big stockpiles in their factory bins and yards. The 1920-1921 "Inventory Depression" resulted.

In those days, three-week to one-month inventories were common. It often took two weeks for materials to arrive from suppliers at distances not more than 200 miles away!

WHAT WILL HAPPEN AFTER WORLD WAR II?

There will be no inventory depression! The reason? Mainly because

our country now has a FIVE BILLION DOLLAR MOTOR TRANSPORT SYSTEM—something which was not in existence at the end of World War I.

Parts and materials from suppliers are no longer on the way for weeks. They arrive by truck and trailer hourly—travel 300 miles overnight. Hand-to-mouth buying has taken the place of risky long-range guesswork.

BIG INVENTORY DAYS ARE OVER

Many factories have no stockpiles whatever. Instead of a three-week inventory, they often operate on a two-hour supply. The highway is practically a part of the conveyor system. Suppliers are linked to main factories by truck and trailer delivery timed accurately to meet exacting manufacturing schedules.

THIS IS HOW IT WILL BE DONE

Utilizing motor transport to its utmost, a business concern can achieve important gains in efficiency and flexibility . . .

(1) By using motor transport to bring supplies to your door as and when needed.

(2) By seeing that your deliveries are not hampered by restrictive, obsolete and inadequate highway and vehicle laws. This is a matter to take up with your State Legislators.

(3) By planning your new building or modifying your present one, so that your loading and unloading facilities are adequate, with modern mechanical handling devices. To be sure—consult your **Traffic Managers, Motor Transport Operators and Architects**

Today Motor Transport can and should be an integral part of your business.

World's Largest Builders of Truck-Trailers

Service in Principal Cities

UEHAUF TRAILER COMPANY

DETROIT 32, MICHIGAN

LABOR

Labor Peace Planning Starts

Committee begins drafting of agenda for management-labor parley. Schwellenbach indicates that government will keep hands off projected conference, but will help if conferees ask assistance.

A planning committee of subordinates is doing the spadework for the six public agencies and private organizations which will take part in the projected management-labor conference on which President Tuman pins such high hopes for finding a way to assure labor peace.

• **To Convene in Capital**—A physical preview of the meeting looks like this: Scene: Washington.

Opening date: Oct. 29 or Nov. 5.

Probable number of participants: 30 to 40.

Anything may happen, of course, but the spadework group got off to a fairly good start on Sept. 10 and 11. There was a little sparring and shadowboxing, but no more than had been expected. The planners have until Sept. 20 to report to the top committee.

• **Veteran Among Planners**—Each of the participating organizations appointed a representative to work on an agenda, rules of procedure and voting, and distribution of representation.

Secretary of Labor Lewis Schwellenbach designated Maj. Paul Douglas of the Marine Corps (page 98), a veteran of the Guadalcanal campaign who ap-

peared at the committee meetings in uniform and with his right arm in a sling. Douglas was a University of Chicago economist.

Representing Secretary of Commerce Henry Wallace is Charles Symington, of the Symington-Gould Co., a manufacturer who takes his labor relations seriously and whose company provided WPB with a prize example of how a labor-management plant production committee should work.

Others in the planning group are: Joyce O'Hara, assistant to Eric Johnston, president of the Chamber of Commerce of the United States; Raymond Smethurst, lawyer, representing Ira Mosher, president of the National Assn. of Manufacturers; Robert J. Watt, speaking for A.F.L. President William Green; Ted Silvey, chairman of the C.I.O.'s reconversion committee and alternate for Philip Murray.

• **Business Poses Questions**—The subgroup appeared to be agreed that their function was not to predigest anything but to give the participating organizations an outline.

Business representatives would like

some clear-cut definitions. For example: What is collective bargaining? How does labor interpret it? What are management's prerogatives conceded to labor? What assurance is there that labor's contractual obligations will be honored? What about jurisdictional disputes within an organization, or inter-union rivalry between the A.F.L., C.I.O., United Mine Workers, and Railroad Brotherhoods which put the employer in the middle?

• **Labor Follows Suit**—Labor wants to know who among business can speak for whom. Beyond that, little can be said of labor's expectations as a result. The A.F.L. is willing to go along with some kind of voluntary machinery for settling disputes, and nothing more. The C.I.O., frankly looking to at least the legislative branch of government for support, would like to inject such issues as the annual wage, higher statutory wage minima, and a Fair Employment Practice Committee.

• **No Back-Seat Driving**—Schwellenbach wants the conference to have as much freedom as it needs to be successful. The government officials will offer any needed guidance, but will not attempt to steer or dominate the conference, he promises.

Schwellenbach has delved into the history of management-labor conferences and decided that if the planning is right this one can succeed. His preferred model is the conference of 1917 from which emerged the War Labor Board. It was well planned and for that reason, Schwellenbach thinks, it was a success.

The postwar conference called by President Wilson was not considered

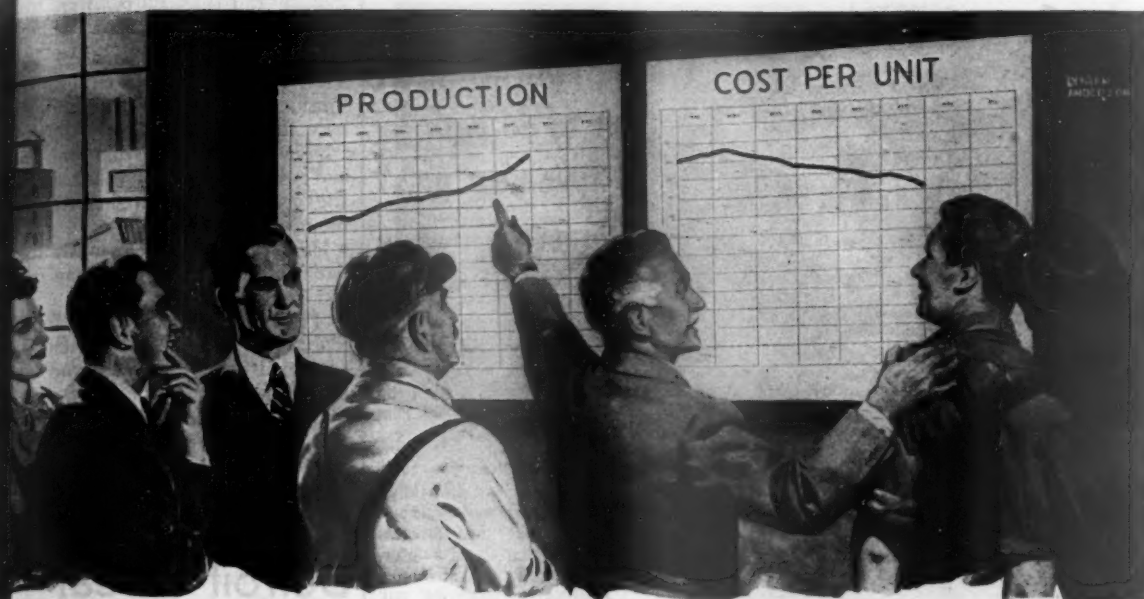


First step toward the projected labor-business peace conference was taken last week when the "Big Six" sat down in exploratory session. Not counting observer John Snyder (third from right), reconversion director, the "Big Six" are (left to right): Eric Johnston, U. S. Chamber of Commerce, Ira Mosher, National Assn. of Manufacturers, Secretary of Commerce Wallace, Secretary of Labor Schwellenbach, William Green, A.F.L., and Philip Murray, C.I.O.

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WHAT CAN BE ACCOMPLISHED BY A *Deferred Profit-Sharing Plan?*

advantages can be derived from a Deferred Profit-Sharing Plan correctly designed to meet the specific needs of an organization. Specifically, such a plan . . . calls for the employer to make payments out of profits . . . assists employees' estate-building and retirement objectives . . . creates incentives for forward-looking employees . . . eases current compensation problems and results in more satisfactory employee relations.

THE INTERNAL REVENUE CODE PROVIDES FOR QUALIFICATION OF SUCH A PLAN, AND THEN

- payments permitted on account of the plan can be deducted from taxable income by the employer
- the employee does not report taxable income until he is entitled to receive a benefit
- the Trust is tax exempt and, therefore, the income and profits are tax free in the trust

employer's contributions may be based on total profits or on only those profits in excess of a fixed amount or in excess of a percentage-return on capital. Such contributions are placed in trust and may be invested in securities or insurance company contracts or both. The dis-

tribution from that trust of benefits to eligible employees may begin upon the completion of ten years of membership in the plan or upon death, disability, illness, retirement or other severance of employment. Such benefits may supplement the benefits under a basic retirement plan.

Our 92-page summary entitled "Pension, Bonus and Profit-Sharing Plans," covering the fundamentals of formulating and financing employee benefit plans is available. We invite you or your consultant to write for this study and to discuss your particular case with us—without obligation.

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What's MANAGEMENT got to do with four year olds?

Progressive management today has a good deal to do with four year olds, because it is concerned not only with employees but also with their families. A family man doesn't cease to be a family man when he comes to work. He carries his worries with him through the day.

Connecticut General's "Protected Pay Envelope" plan, which includes Group Life, Accident and Sickness and Hospital Expense insurance and Retirement income ELIMINATES MANY OF THE COMMON FINANCIAL WORRIES that beset employees.

success, and the post-Pearl Harbor conference convened by President Roosevelt is good for a controversy anything. That conference reported back to President without any understanding how to dispose of closed shop issues. Roosevelt arbitrated that one him and gave the National War Labor Board the egg from which maintenance membership emerged.

• **Harder Job Now**—Obviously the conference job is harder now than in 1917 or 1941.

The nation is emerging from war. The 1917 and 1941 conferences were convened under the stress and impact of war fervor. Furthermore, the Taft-Hartley board of 1917-1918 did not tackle the job of wage stabilization, a task which many persons thought should have been separated administratively from the field of labor disputes.

Detroit Threat

Rapid reconversion has a big setback as strikes slow auto production. Unions cash in on competitive race.

Labor unrest in Detroit posed new threats to national reconversion and production of 1946 automobiles this week as Ford output—aimed at first showings of new models this month—was crippled by a strike at a parts supplier, and Hudson production was halted by a plant-wide strike of foremen. Altogether, walkouts in the auto capital had 21,500 idle at midweek, almost one-fifth of the national total.

• **Parts Supplies Dwindle**—Jobs of many more are jeopardized, however, as series of strikes among parts suppliers chokes off materials for fast-moving assembly lines. Ford, for instance, was forced to lay off some 26,500 production workers when a strike of 4,500 United Auto Workers (C.I.O.) members at the Kelsey-Hayes Wheel Co. (BW—Sep. 8 '45, p. 110) cut off the flow of wheels and other parts needed for Ford automobiles, trucks, and tractors.

Later, Ford succeeded in getting back where the company did not disclose a supplementary supply adequate for a few days' work, and 22,000 workers were recalled.

The supply, however, is not enough to keep Ford officials' worries down. And since Kelsey-Hayes also has General Motors and Chrysler contracts, Ford—while the only producer so far caught with stocks down—is by no means alone in its problem.

• **Similar Pattern**—The Kelsey-Hayes strike is just one of a number of parts

DO YOU NEED A LIFT on RECONVERSION JOBS?

HEIN-WERNER HYDRAULIC JACKS

are great for
✓ lifting heavy loads
✓ moving machinery
✓ pressing gears
✓ other applications

Industrial applications are almost unlimited for Hein-Werner Hydraulic Jacks... You will find these super-powerful, easy-operating jacks are especially suitable on jobs involving lifting of heavy loads, moving machinery, pressing gears, pinions, bushings, etc. Complete H-W line includes models of 3, 5, 8, 12, 20, 30 and 50 tons capacity... For details, consult your nearest industrial supply distributor, or write us.



Dual Operation of Tandem Pumps is an outstanding and exclusive feature of 30 ton model.

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plier labor tie-ups which either are, recently have been, under way in the industry. Similar walkouts have occurred at the Ecorse (Mich.) plant of the Murray Corp. of America, and plants of the Gemmer Mfg. Co., Bundy Tubing Co., Hercules Forging Co., Wood-Industries, Inc., and Spicer Mfg. Co.—all with contracts to supply major automobile companies with assembly line parts.

All these have followed a similar pattern, but none has had international union indorsement. While there is a Detroit feeling that the strikes are a part of a broad move by U.A.W. to test its strength and tactics in key plants, and gradually work up to major companies, this conclusion is a hasty one.

Cashing In?—Rather, the situation seems to be that local unions in the parts suppliers' plants are attempting to cash in on the race for production order way among major companies, and the low float (stock) of parts which these producers have on hand after years of all-out military work. The attitude is that pressure by the major companies on the parts suppliers will be so great now that the union parts makers may be given concessions which could be resisted later when stockpiles accumulate and pressure is off.

Just what attitude international U.A.W. should take was being given serious consideration at the union's first peacetime executive board meeting since 1941, in session this week in Detroit, Mich. As is so often the case, U.A.W. internal politics was playing a prominent part in the council rooms.

Likely Strategy—General sentiment among U.A.W.'s leadership apparently favors an unofficial no-strike policy in the industry until the reconversion production is ended. Then, when volume production gets under way and sales competition enters the picture, grand strategy would be for a major strike against one or all of the major producers in an attempt to force capitulation to union demands.

This policy paid off with dividends for U.A.W. in its early days—ten years ago—when successive sitdown strikes at General Motors and Chrysler forced those companies to knuckle down to the union demands for recognition.

But complicating the present situation is a presurrender pledge from R. M. Thomas, U.A.W. president, that union members would be free to strike after the postwar period where unresolved grievances exist. Now the no-strike pledge actually is off, and Thomas—who strongly opposes the present strike wave—finds himself bound by his statement.

Up to Members—Thomas and supporting U.A.W. officials placed the



Time FOR PRECISION


For the intricate machinery that controls the pulse of time... practiced hands and painstaking accuracy! In the watchmaker's work it's always time for precision.


In the vital power links so essential to the efficient performance of modern industrial equipment... in the friction clutches and hydraulic drives which link driving and driven units... there, too, it's always time for precision—in design, construction and application.

For 27 years now, Twin Disc has made a point of putting precision before production... quality before quantity. That's why Twin


Disc Clutches and Hydraulic Drives are recognized as *proved power links*... that's why Twin Disc products are found in so many makes of powered equipment and machinery.

If you have a problem of power transmission and control, why not follow the lead of the many equipment builders and users who have found the solution in the Twin Disc trade mark? Why not ask the recommendations of the Twin Disc engineers today? Write to TWIN DISC CLUTCH COMPANY, Racine, Wisconsin (Hydraulic Division, Rockford, Illinois).





Reduction Gear



Hydraulic Torque Converter



Machine Tool Clutch

SPECIALISTS IN INDUSTRIAL CLUTCHES SINCE 1918

THE LABOR ANGLE

Emerging

Watch Major Paul Howard Douglas, just named chairman of the labor-management subcommittee which will draw up an agenda and settle other problems preliminary to the government-sponsored labor peace talks scheduled for Oct. 29 or Nov. 5. Douglas is the rising labor star in the Truman Administration.

Born a Quaker 53 years ago, Douglas has always been a militant liberal. The late President Roosevelt used him in NRA and social security affairs and he is one of the nation's outstanding authorities on wage economics. In 1943, he took a leave from his post as professor at the University of Chicago to enlist as a private in the Marine Corps. Refusing a commission at that time, he was assigned to indoctrination teaching, until his request for active service resulted in his being sent to the Pacific where he was wounded and decorated for bravery. While he was away his wife, Emily Taft Douglas, daughter of the late sculptor, Lorado Taft, was elected to Congress from Illinois.

Before the war Douglas was vitally interested in the creation of a third party and his work with farmer-labor groups in the Northwest made him known to Secretary of Labor Lewis Schwellenbach, who is his present sponsor. Douglas is a militant progressive, but his many bitter fights with the Communists while he sought to found a third party make it probable that, like Schwellenbach himself, he will play closer with the A.F.L. than the C.I.O.

Bounty

The least controversial feature in the legislative proposal to raise unemployment compensation to \$25 a week for 26 weeks is a provision to have the federal government pay up to \$200 in transportation costs to an unemployed worker who is referred by the U. S. Employment Service to a job distant from his current residence. While controversies rage over other sections in the bill, all interested parties seem agreed that a transportation allowance is desirable.

Now it appears that this very agreement introduces another sticky factor into the present labor market. Re-

ports are being received by USES offices that workers, offered distant jobs, are being advised not to accept them but to "hang around and draw some unemployment insurance." The advice stems from the assumption that Congress is certain to provide a travel allowance, so why pay your own railroad fare when the government will soon be providing it.

Competition

A frenzied fight for control of airline employees is assured now that the independent Airline Mechanics Assn. has voted to merge with C.I.O.'s United Auto Workers. Up to this point, the most powerful labor organization with contracts in this field was District 50 of John L. Lewis' United Mine Workers. Various A.F.L. unions have a scattering of agreements covering small craft groups, and the teamsters have been talking vaguely about organizing. But District 50 absorbed, last March (BW-Mar.31'45,p98), the Air Transport Employees Union which operates on United and other airlines. The U.M.W. affiliate has been pressing a vigorous organizing campaign.

The new U.A.W. section claims 25,000 members and has contracts with American, Northwest, Pennsylvania-Central, Chicago & Southern, Colonial, National, Western, Continental, Inland, and Mid-Continent Airlines, and with Braniff and Pan American Airways. A U.A.W. "airlines section organizing committee" will try to round up service employees on these and other lines and is sure to be running into trouble with Lewis representatives.

Hill

Lee H. Hill's move from vice-president in charge of industrial relations for Allis-Chalmers to publisher of McGraw-Hill's Electrical World and Electrical Contracting will not take him out of the labor field. Distinguished as a representative of industry in labor matters, he will remain an employer member of the National War Labor Board, an officer in the American Management Assn., and a familiar figure at business conferences concerned with finding practical solutions to union-made problems.

issue directly before striking Kellogg Hayes union members, urging them to return to their work instead of jeopardizing jobs of fellow union members in assembly lines. The plea was voted down—1,036 to 212—by the local. Bringing up the local in its determination to continue the strike was an anti-Thomas bloc in the international. All of this gives the strike a political complexion, adds to the difficulties of early settlement.

It means that the present executive board meeting probably will not present a settlement plan, because it cannot achieve a united front. And no factor or official, may dare to give a back-work order, or indorsement of the strike, because U.A.W. leaders still believe a 1945 convention is possible. They are not sure enough of the strength to chance losing rank-and-file support by a wrong reconversion move.

• **Foremen Strike**—The Hudson Motor Car Co. strike also has a deep threat for the industry as a whole. Production there was halted when the Hudson chapter of the Foreman's Assn., America (Ind.) called a strike of its 300 members to force Hudson to recognize the F.A.A. as collective bargaining agent for settlement of an accumulation of grievances.

While the association has an avowed policy of avoiding strikes and leaving dispute settlement to federal agencies in the Hudson case Robert Keys, F.A.A. president, was prompt in giving his indorsement to the strike. Moreover Keys intimates that a general strike of the recognition issue is a possibility in Detroit, where F.A.A. has 19,000 foremen members in 150 plants—in many of which recognition still is denied the union.

Possible basis for Keys' strong stance may be found in a significant fact: Only a few months ago the Hudson chapter of F.A.A. and the A.F.L. got the heads together, and a change in affiliation appeared close. The F.A.A. apparently does not wish to risk any recurrence of negotiations which might split its membership before courts can act on pending recognition cases (BW-May26'45,p103).

• **Raise at Studebaker**—F.A.A. tie-ups have not been restricted to the automobile industry. Recognition walkouts also have taken place at six plants of the B. F. Goodrich Co. in Akron (BW-Sep.8'45,p98), and at Bohn Aluminum & Brass Corp. plants in Detroit and Holland, Mich.

Meanwhile, the automobile industry had another labor development on its mind. Announcement by the Studebaker Corp. of a 12¢-an-hour wage increase to hourly paid workers struck a vital blow to any decision by the indus-

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One of the great dramatic moments in railroading occurred when the Cotton Belt changed the gauge of its 419 miles of track in a single week end. The scene pictured above is our artist's conception of the closing hours of this successful old-time race against time.

CHANGING THE MEASURE OF RAILROADING

It was September in 1886. All along the Cotton Belt, from Bird's Point, Mo., to Texarkana, old spikes came out. Rails were shifted. New spikes sank home under swinging hammers. The entire railroad was changed from narrow to standard gauge over one week end. The Cotton Belt had stepped along with the times.

This railroad is still stepping along. It is one of 83 railroads and major industries where General Motors Diesel locomotives are changing the measure of railroading.

Watch what happens when complete lines and systems are GM Dieselized. Far faster freight hauls. Quicker, more comfortable, and more reliable travel for passengers.

And reduced maintenance by sturdiness that goes a million miles or more without major overhaul!

Yes, the measure of railroading is changing — for the better. And GM Diesel locomotives are helping to bring about this new benefit for the railroads, for the country, and for you.

ONE MORE WAR TO WIN
BUY MORE BONDS



LOCOMOTIVES ELECTRO-MOTIVE DIVISION, La Grange, Ill.

SINGLE ENGINES ... Up to 200 H.P. | DETROIT DIESEL ENGINE DIVISION, Detroit 23, Mich.
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GET your new product on the market *quickly!* Here's how . . .

Let us shoulder your manufacturing problems, lock, stock and barrel. We will take full responsibility for production schedules, inventory, labor relations, government regulations, etc.

Your time, energy and money then can be concentrated upon sales and distribution. Your product rolls off our production lines without worry on your part . . . very likely at a price as low or lower than it would cost to produce yourself.

Our three smoothly-operating, completely staffed shops, with a fine record of contract manufacturing behind them, are ready to work for you. Skilled engineers will make your product their personal problem, with fast, economical production their objective. Let us show you what we can do for you.

CONTRACT MANUFACTURING DIVISION
NATIONAL RUBBER MACHINERY COMPANY
Akron 11, Ohio. Plants at Akron and
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Note this factory installation in which hoistway is not against any outside wall, and with two gates giving access to different levels.

When planning new construction or remodeling for postwar business you may find one or more of these simple, quiet and safe all-in-ram type elevators ideal as ramp eliminators, press feeders or for floor-to-floor transportation.

If your total lift is over 25 feet, or if ram is difficult to sink, we recommend REVOLVATOR Traction Freight Elevators.

All REVOLVATOR elevators are provided with a wide margin of safety above legal requirements. Consult our representative in your territory (write us for literature and his name).

REVOLVATOR Co.

2011-26th St., NORTH BERGEN, N. J. Since 1904

try to attempt a "hold-the-line" battle to maintain the present wage structure.

- **Others Seek Boost**—The Studebaker U.A.W. locals' ease in obtaining the commitment from management is expected to encourage the union to press for larger wage increases from other companies. Negotiations with Ford for a 30% wage boost open Sept. 24, and similar demands already have been made on General Motors and Chrysler.

Studebaker's agreement with U.A.W. is that if basic rates in the industry rise more than the 12¢-an-hour allowed in the new contract, then Studebaker will give a corresponding increase.

- **Hearings Under Way**—The Studebaker increase was given in the belief that at least a 12¢-an-hour raise is forthcoming in Detroit. Just how much may depend on a National War Labor Board panel hearing which got under way this week in a case involving the Houdaille-Hershey Corp., where U.A.W. also is asking 30% more pay. From the hearing may come an indication of whether U.A.W. is willing to settle for anything less than its full demand.

To Pay Or Not

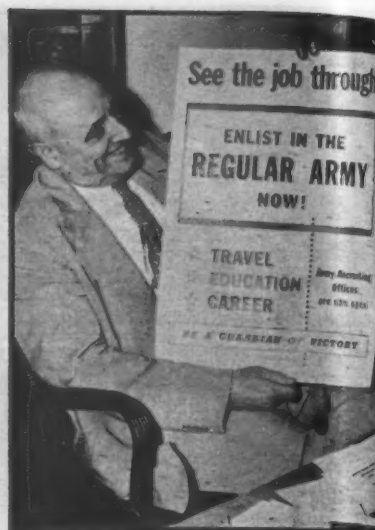
That's the question Army must answer as it prepares to return Montgomery Ward units. Union demands retroactive pay.

Government legal, economic, and labor relations experts were trying to find the best solution to two problems this week before letting go of Montgomery Ward & Co. properties seized under executive order as the result of labor disputes (BW-Jul.28'45,p18).

No. 1 is the extent of the government's obligation to pay back wages due employees under National War Labor Board orders. The other is what should be done to prevent, if possible, a recurrence of the old dispute between Sewell Avery, chairman of the mail-order house, and the union. It was virtually agreed, however, that the properties would not be held solely because of threat of a renewal of labor disputes.

- **Cause of the Wrangling**—The clauses which caused so much wrangling over back pay were the following in the executive order under which Ward properties were seized:

"Provided that the Secretary of War is authorized to pay the wage increases specified in said directive orders from the effective dates, specified in said directive orders to the date of possession of said plants and facilities is taken under this order, only out of the net operating income of said plants and facilities dur-



"AND SEE THE WORLD"

With the Army recruiting poster Rep. Andrew May (above) and his House Military Affairs Committee seek to ring in a new and time-honored angle on the tough draft dilemma. The note now sounded is the lure of Army life—prospects of travel, education, a career. By its bill offering inducements to enlist, the committee hopes to bring this rosy view nearer reality and to meet Army's demands without compulsory service.

ing the period of their operation by the Secretary of War.

"In the event that it appears to the Secretary of War that the net operating income of said plants and facilities will be insufficient to pay the aforesaid accrued wage increases, the Secretary shall make a report to the President with respect thereto."

- **The Problem**—Government sources estimate that approximately \$1,000,000 in wage adjustments ordered by the NWLB may be due employees. Army effected the higher wage rates when it took possession in December, 1944, but made no retroactive payments.

The problem for the lawyers to figure out was to what extent the executive order does, or does not, foreclose the payment of back wages from some source other than the net operating income of the seized properties during the period of the Army's occupation, inasmuch as this fund can't meet it. The union's complaint is that the executive order implied that the President would order an alternative means of payment if necessary, but that the Army did nothing toward that end.

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Copyright 1945, L C SMITH & CORONA TYPEWRITERS INC SYRACUSE 1 N Y



...which typewriter?

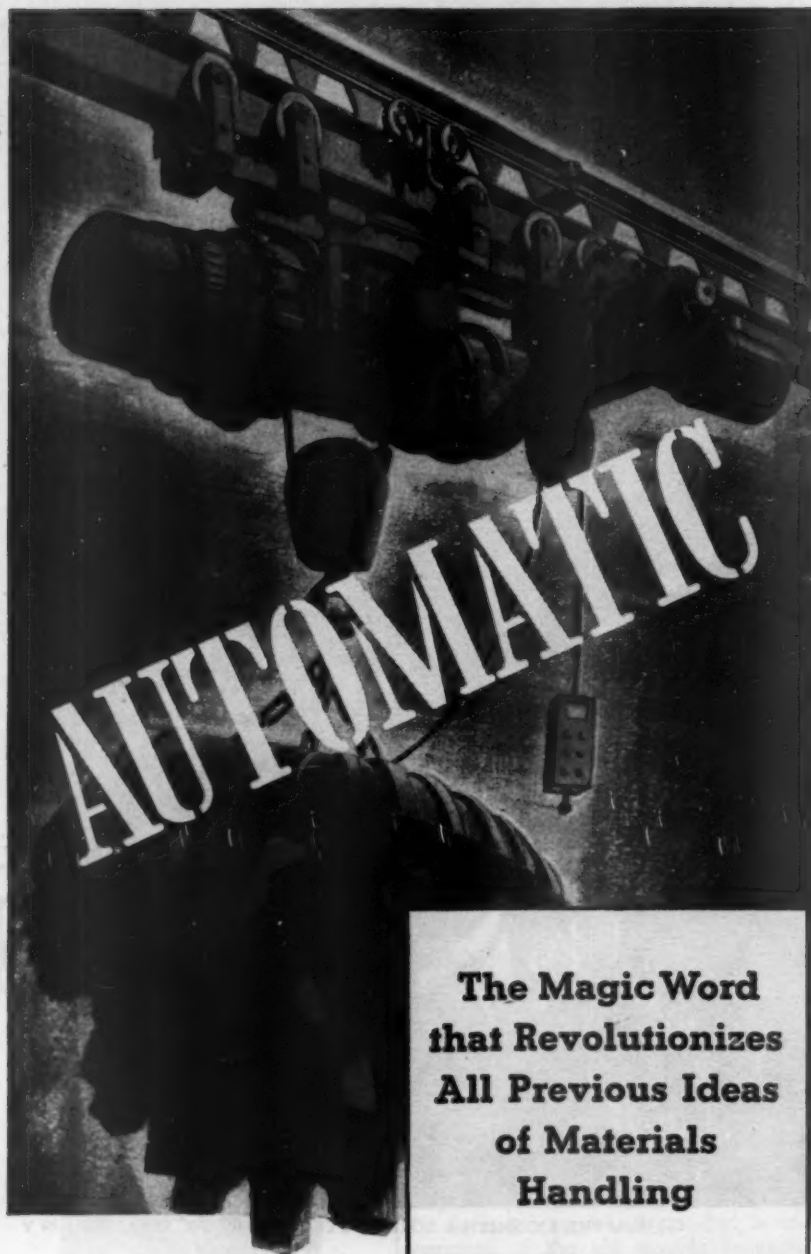
These stroboscopic flash images prove that no human fingers can ever match the top speed of the SMITH-CORONA. Taken at 1/60,000 of a second, you will notice the clear, sharp movement of type-bars and carriage; while the hands of the speed typist appear blurred beyond recognition. If it's professional championship speed you want—or just everyday office speed...the SMITH-CORONA has it...to spare.



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Big-visioned men of industry know what the word *automatic* means . . . past records shattered, new records constantly coming up. And at last that word, that meaning has been applied to materials handling. Thanks to Loudon Selectomatic Dispatch, handling operations that once demanded close and constant supervision are now wholly *automatic*. Loads of parts, products, materials in bulk travel **UNATTENDED** throughout a plant. Their processing, dipping, baking, drying

are carried on **AUTOMATICALLY**. Loads are weighed, delivered to any destination, spotted, dumped . . . empties are returned . . . all *automatically*. The wonders worked by Loudon Selectomatic in outstanding plants, the economies and gains this major advance in materials handling can accomplish for you are information you should have soon. Why not write for it today? The Loudon Machinery Company, 5237 North Superior Avenue, Fairfield, Iowa.

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SELECTOMATIC DISPATCH

For the automatic and unattended handling of materials

Layoff Headache

Demand of minority groups for proportional discharges, cutbacks and stewards' seniority issue add to woes of unions.

Union leaders, as well as employers are developing headaches from tickling questions of seniority for (1) veterans (2) minority groups, and (3) in many cases, such lesser union officials as stewards who had a form of "super seniority" as protection while they engaged in union affairs.

• **Tinderbox**—The difficult interpretations and decisions by management regarding layoffs and hiring on a basis of seniority can lead very easily into a pileup of grievance reports, unfair labor practice charges before the National Labor Relations Board, court cases, and strikes.

On the other hand, union decisions on who shall have seniority, and who shall be denied its protection, can generate internal flareups and lead to dangerous schisms within unions at a time when leaders are attempting to bolster strength waning during layoffs.

• **Biggest Issue**—The issue of veterans' seniority is the most publicized, and the broadest, of the three seniority problems. Under the Selective Service Act veterans who left permanent jobs for military service (an estimated 2,200,000) are entitled to their old jobs back or jobs with like status, pay, and seniority. Moreover, they are entitled to protection in the restored job for one year.

Unions accept the provision for job restoration as just; they are not willing to concede, however, that a returning veteran should have superseniority which would entitle him to his old job regardless of whether another employee with greater seniority must be displaced to make room for him.

• **Agencies Divided**—Selective Service officials demand that returning veterans have this superseniority; National War Labor Board and arbitration decisions in a number of recent cases (BW-Ma 1945,p100) have upheld union arguments that superseniority is unjust and a violation of a hard-and-fast rule which is basic in union organization.

Management, pulled between two extremes, has been inclined to leave to government agencies and courts the choice between conflicting interpretations.

In a recent case brought against the Sullivan Dry Dock & Repair Corp., Brooklyn (N. Y.) shipyard, a court verdict gave strong support to ad-

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DRILLMASTER

In military camps drillmasters help convert raw recruits into precisely trained troops. In the Norfolk and Western Railway's great shops at Roanoke, Va., different kinds of "drillmasters" fashion steel into powerful, precisely designed steam locomotives and other rail equipment, which move our armed forces and help keep them adequately supplied. One of these Veteran Railroad Drillmasters is pictured above at work on a flue sheet for a modern locomotive.

Since Pearl Harbor, this veteran and other N. & W. shop employees like him, have constructed 50 powerful new coal-burning locomotives. They have made heavy repairs to many thousands of freight cars, and maintained other units of equipment in top-notch condition. They have completely overhauled 208 locomotives of neighboring lines to help keep the wheels rolling on other railroads. And in addition,

they have contributed directly to the war effort by completing 86 contracts for vital war equipment needed by the Army, Navy and war industries, including the manufacture and processing of approximately 350,000 separate equipment parts.

This "Know How" of shop workers and other N. & W. employees is what makes Precision Transportation, which enabled this railroad in 1944 to move the greatest volume of war and civilian traffic in its history, without serious congestion or delay.

Now with Victory won, the experience, skill, and "Know How" of N. & W. employees will be devoted in the fullest measure to building a better America—an America of sound progress and sound peace among the nations of the world.

Norfolk and Western RAILWAY

PRECISION TRANSPORTATION



Reconversion is the No. 1 topic of the day. Attention is being turned to the production of civilian goods to meet demands long held up by the requirements of war.

Reconversion is a big job . . . one that cannot be accomplished in one day or two. Inventories have to be taken . . . production-lines revamped . . . plants re-tooled . . . new machinery installed.

And while all this is going on, it's a good idea to clean-up shop . . . to get rid of ancient oil-and-grease deposits . . . to make factory and warehouse space spick-and-span for the job ahead.

For this cleaning job, SPEEDI-DRI, the oil-thirsty absorbent, is the answer. A white, granular material, SPEEDI-DRI soaks-up oil and grease deposits like a blotter soaking-up ink. Even when these deposits have accumulated over the war-years, SPEEDI-DRI in time will make the floors clean and bright.

And the beauty of it . . . SPEEDI-DRI does not disturb shop-routine. It works . . . while you work in safety. Just spread it over offending surfaces . . . and you've got a Magic Carpet underfoot. Sweep it up . . . and floors are home-clean!

No expensive machinery is needed to apply SPEEDI-DRI . . . no trained personnel. SPEEDI-DRI works equally well on all types of floors . . . composition, cement, or wood.

Attach your card to this advertisement and mail for the full story of SPEEDI-DRI, and a free, generous sample.

SUPPLIERS: East—Safety & Maintenance Co., Inc., New York 1, N. Y.
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SPEEDI-DRI
OIL AND GREASE ABSORBENT



cates of outright superseniority, as proposed to the current trend of arbitration decisions (BW—Sep. 8'45, p100). The decision is being appealed.

• **Unions Cautious**—Unions, in handling veterans cases, have gingerly walked tightrope, conscious that while they must fight to preserve the rights of the members, they must also carefully avoid any action which might create antiunion sentiment among veterans. Hence, unions have made much of policy which goes beyond the Selective Service Act to give veterans, not previously employed, accumulated seniority in a plant equal to service time, provided they first serve a probationary period, and provided the seniority not used to displace nonveteran workers. Unions also have established a policy of giving seniority credit to formerly employed veterans for service time, and have included them in demands for retroactive back pay, vacation benefits and other war-won gains.

In this way, the unions have sought to cement relations with veterans; however, they have made clear that they will not approve of any tampering with seniority rights of nonveteran workers.

• **Minority Problem**—Yet, in coping with the growing union headache of minority group workers—in particular Negro workers who have made major employment gains during the war—some unions have had little hesitancy over advocating changes in seniority provisions.

Rapid wartime expansion of industry resulted in more than doubling jobs in industry for Negroes—from 500,000 in 1940 to 1,250,000 in 1944. Most of these were in prime war industries, in which victory layoffs have been heaviest.

Now large blocs of these workers are losing jobs through the "last-hired, first-fired" seniority rule of unions. Demands are being made that unions protect employment gains made by these groups during the war.

• **Proportional Layoff**—Hot spot is the C.I.O., which has about 425,000 Negro workers represented in its international. Typical of what is happening to these is the situation in Detroit, where first large layoffs took jobs of 35,000 Negroes. It is doubtful that many of these will be able to get peacetime jobs in plants which were largely all-white before the war.

That is the basis of minority group demands for a proportional seniority plan in which prelayoff ratios of the different work groups would be maintained during dismissals—for instance in a plant employing 500 white and 100 Negro workers, five of the white and one of the Negro workers would be laid off whenever the work force was reduced by six. Thus, Negro workers

Continuous balance

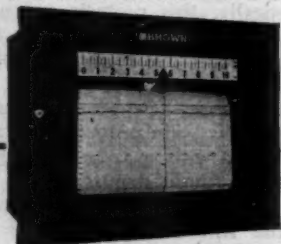
... has given us
a uniformity which we
considered impossible"



In the volume production of chemicals, split-second control is a prime requisite for successful operation. Here is where the Brown "Continuous Balance" ElectroniK Potentiometer, as well as other Brown instruments such as Brown Flowmeters and Thermometers, become valuable aids in maintaining production specifications and delivery quotas.

This same product control, made possible by Brown instruments for industries at war, will make an even more valuable contribution as the urgent competition of peace begins.

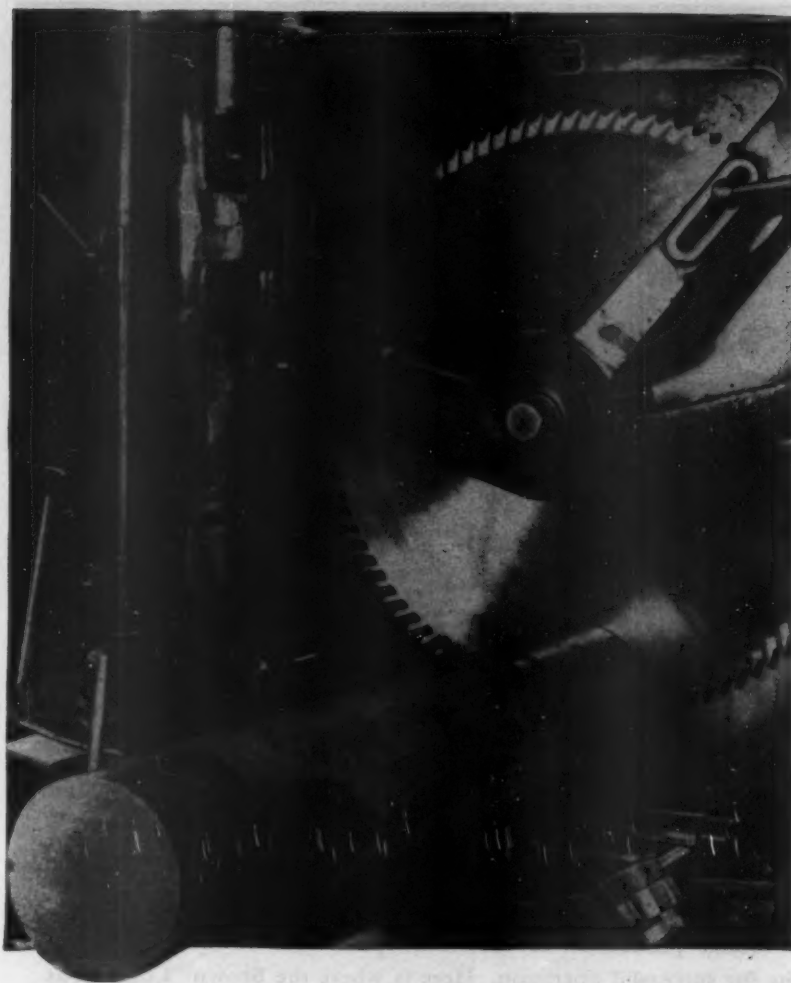
If your product involves temperature measurement or control and your goal is continuous product uniformity, you and your operating department will be interested in getting all the facts. A Brown engineer will give you a prompt opinion as to what Brown "Continuous Balance" can accomplish in your plant. The Brown Instrument Company, 4525 Wayne Avenue, Philadelphia 44, Pennsylvania.



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**Add Up All Its Features... Then Add One More
that You Get Only in this**

***SIMONDS SEGMENTAL METAL-CUTTING SAW**

First, high-speed teeth segments are tongued into the groove in the saw plate, where they're rigidly held by 5 rivets each. This construction gives extra cutting life, because it gives highest tensional and torsional strength. *Second*, you can readily replace the interchangeable segments. *Third*, saw plate is practically unbreakable.

And lastly, there's the *exclusive feature* of Simonds high-speed steel, specially formulated and hardened to withstand the overloading on high-production cutting jobs. For work on which a fine pitch or especially smooth cut is required, no other saws can match the performance and endurance of Simonds Segmental Saws.

BRANCH OFFICES: 1350 Columbia Road, Boston 27, Mass.; 127 S. Green St., Chicago 7, Ill.; 416 W. Eighth St., Los Angeles 14, Calif.; 228 First St., San Francisco 3, Calif.; 311 S. W. First Ave., Portland 4, Ore.; 31 W. Trent Ave., Spokane 8, Washington.

*Longest-Experienced Sawmakers in the U. S.

SHORTEN THE WAR BUY BONDS

PRODUCTION
TOOLS FOR CUTTING
METAL, WOOD,
PAPER, PLASTICS

SIMONDS
SAW AND STEEL CO.
FITCHBURG, MASSACHUSETTS

would retain representation in the plant as long as any jobs were available.

• **Backed by Union**—This plan has been advocated at both C.I.O. and A.F.L. conventions, and skirted by wary delegates (BW—Dec. 2'44, p92). But it, nevertheless, continues to come up at regular intervals.

Recently a local of C.I.O.'s United Electrical Workers went to bat for Negro employees of the Murray-Metropolitan Corp. in Brooklyn, N. Y., and proposed to management that a proportional layoff plan should be adopted to prevent dismissal of a large percentage of Negroes in the plant.

The suggestion brought from management the same answer which has been heard consistently from unions in veteran seniority cases: There must be no tampering with seniority clauses, and layoffs not in accordance with length of service would be discriminatory.

• **Communists Protest**—Oddly enough, just as unions have claimed that advocates of superseniority—in violation of union seniority contract clauses—are seeking to break unions, in the Murray-Metropolitan case the Communist press lashed at management for attempting to break its U. E. local by standing firmly behind the contract clause providing for layoffs by seniority.

The premise was that when Negro employees find union rules barring them from old jobs, they will turn against the unions.

No one realizes better than union leadership that there may be a dangerous truth in this: Unions are going to be under pressure to provide work opportunities for this group—or lose its support.

But the danger, as they see it, is that if they do produce jobs at the cost of work for their white memberships, old prejudices will flare up, dissension may grow even greater, and the consequences may be even more severe.

• **The Steward Problem**—The third seniority headache for union leaders bothers fewer of them, because the contract clause which brings it up has not been commonly accepted. Many unions, with approval from NWLB, have been writing into contracts a provision that union officials and such functionaries as shop stewards are to have top seniority during their period of service. Theoretically, this protects union administrative machinery in plants from disarrangements due to shuffling of the work force.

Recently cases have been coming up, during layoffs, similar to this: A plant department, with a large work force, had twelve shop stewards who were given top seniority under a contract with the International Assn. of Ma-

chinists (A.F.L.). In a cutback, however, the wartime department reverted to peacetime normal personnel of only 15 workers—which, as it worked out, included three rank-and-file employees and twelve shop stewards. Only one would have been called for. Since a majority of the shop stewards would have lost their jobs except for their top seniority status, protests were immediate.

• **Back to Former Status?**—Questions involved have reached up into the top leadership of I.A.M.

Fundamentally, these are whether shop stewards should revert to their rightful place in the seniority list before layoffs are made, and—if not—just how long they may retain preferential status if there is no longer any need for them to function as shop stewards.

It is a problem closely similar to that of workers upgraded to foremen, who revert to their former status in cutback layoffs.

Management is interested because plant efficiency may be involved. Often shop stewards—chosen for union organizing ability and loyalty, and often deficient in job experience and skill—are rusty on plant jobs they must fill if their place in the plant is preserved. Management often finds that it is the loser in this seniority clash.

MINES ACCENT YOUTH

The Lehigh Valley Coal Co. has set up a plan to recruit younger men to offset the rising age of mine workers generally.

Unless younger men are induced to turn to what many youths consider arduous and dirty labor, company officials see the day when anthracite mining will be incapacitated because of the lack of qualified workers. At present the industry needs 12,000 men; few recruits are coming in in the lower age levels.

The "students" will be given four or more months training at the rate of \$52 a week, equivalent to the salary paid company miners. On completion of the training courses, the trainees will be classified as "contract miner helpers." During their training they will be subject to union regulations and be required to join the United Mine Workers.

The company will accept as many men as are available, with a minimum of 200. Wilkes-Barre and Pittston will be the recruiting centers. War Manpower Commission officers in the Scranton-Wilkes-Barre-Pittston area cooperated in setting up the plan.

In addition, at least two public schools, one in the Scranton area and one in Shamokin, have instituted courses in mining, as part of their manual training courses.

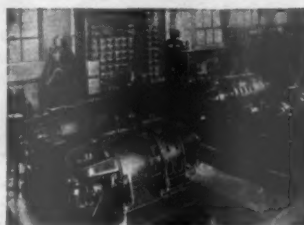


These beautifully designed, power-operated elevator doors replaced old-fashioned grille work.

4 ELEVATORS NOW DO THE WORK OF 5



The Michigan building in Detroit which appreciates the advantages of Otis Elevator Modernization.



Partial view of the penthouse machine room after Otis Modernization.

In the Michigan Building of Detroit, modernization of the elevator plant by Otis has resulted in marked improvements in elevator service and worthwhile savings in elevator operating costs.

Here's the story:

Originally, this building contained five Car Switch Gearless Elevators with open grille fronts and manually operated doors. All five of these elevators had to be operated at full capacity to handle the building traffic.

But, after being changed over to Otis Peak Period Signal Control, only four elevators were required to handle the traffic during busy periods. During slack periods, only three cars were required.

This is only one interesting example of the benefits of Elevator Modernization by Otis.

Whether your problems of vertical transportation are in Office Buildings, Department Stores, Hotels, or any other type of building, your Otis representative is ready to discuss modernization plans with you or with your Architect.

For the finest in vertical transportation tomorrow, call your Otis Elevator representative TODAY.



ELEVATOR COMPANY

OFFICES IN
ALL PRINCIPAL CITIES

Clerical Revolt

Westinghouse strike gives dramatic evidence of unrest in white-collar ranks. Members of union reveal unanimity.

Operations of Westinghouse Electric Corp. were crippled this week by the biggest strike of white-collar employees the nation has ever witnessed. A dispute over wages—specifically a demand by the Federation of Westinghouse Independent Salaried Unions (unaffiliated with either A.F.L. or C.I.O.) for extending to clerical workers the company's incentive bonus plan which covers production workers—led to the walk-out of 12,000 in Westinghouse plants and offices in six states.

• **Revolt Dramatized**—Notable as a major strike even at a time when mass walkouts are again becoming common—if the clerical staff stays out some 80,000 Westinghouse employees will be forced into idleness—the dispute takes on almost historic importance in dramatizing the “revolt of the white-collar

worker” which forecasters have sometimes predicted.

Although unionism in offices is far from unknown, Westinghouse is providing the laboratory for testing whether salaried employees will act as effectively as production workers in utilizing the standard tactics of labor unionism to gain economic ends.

In seeking light on that vital question, the first days of the Westinghouse strike suggest that the answer may be an emphatic “yes.” With a discipline that many an old-line union could envy, F.W.I.S.U. took a strike vote on Sept. 6 under provisions of the Connally-Smith act and registered an 18-1 majority in favor of giving their officers authority to call a walkout.

• **Old Dispute**—Unsuccessful negotiations on the incentive bonus demand had been going on for two years. When the National War Labor Board was unable to get the parties together, the union struck. Again, the response to its strike call would have pleased a much more seasoned organization. Further intervention by NWLB, carrying the promise of a quick decision, induced F.W.I.S.U. to send its members back to work, and eight hours after the walk-

out was called, clerical employees were heading back for their desks.

Further examination of NWLB's proposal, however, convinced the union that the board had overestimated the dispatch with which it would act and that it was promising only a hearing, not a favorable decision. Consequently the strike was resumed and by midweek deserted offices had forced the shutdown of Westinghouse's big Lima (Ohio) plant and were curtailing operations in many other manufacturing units.

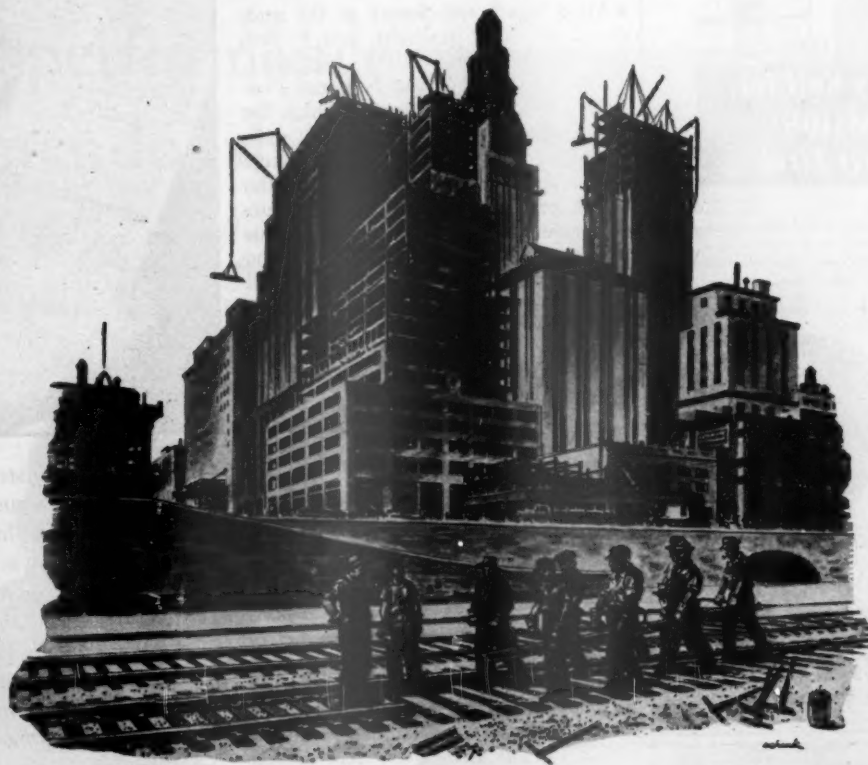
• **What They Claim**—It is the contention of the union that salaried workers, including general office help, increased their productivity during the war and contributed to the company's record war production. It maintains that a distinct inequity exists because such workers as guards, elevator operators, bus drivers, janitors, and others who do not participate directly in production, receive bonus payments while the white-collar personnel does not.

The company's position is that the federation is demanding a pay increase under the guise of its bonus request. W. G. Marshall, Westinghouse industrial relations vice-president, asserts that salaried employees represented by the



NIBBLE BUT WITH A FEW CONDITIONS

Greendale, government-built model village (above) outside Milwaukee, has been slated for sale since July. Last week Meyer Adelman (left), secretary of the Milwaukee County C.I.O. Council, made known that his constituents may buy the village, expand its 637 units to 6,000. Some observers appraised the announcement as a combination trial balloon and bid for publicity. Should Washington warm up to the idea, it leaves the council in a fine bargaining spot; meanwhile, with layoffs increasing, the grandiose plan provides pleasant thoughts for troubled minds. Two reasons for skepticism: Adelman hedged with conditions almost impossible of fulfillment—that the union take over properties already transferred to church ownership, that the government finance the takeover by the union. Greendale and its two counterparts, Greenbelt, near Washington, D. C., and Greenhills, near Cincinnati, were built in the middle 30's by the late Resettlement Administration (BW—Aug. 5 '44, p. 86).



SOUTHERN STEEL . . . Symbol of Tomorrow's South

In Southern steel, produced in Southern mills from Southern iron ore, coal and limestone, you have the perfect symbol of the postwar South... *strength and endurance.*

For there's a strong and enduring prosperity in the making throughout the length and breadth of the territory served by the 8,000-mile Southern Railway System.

It's a product of the growing skill and ingenuity of Southern workers . . . the courage and foresight of Southern leaders . . . the will to progress cherished by all Southerners.

It can be seen in the better products coming in ever-increasing volume and variety from Southern mills and factories . . . the huge crops grow-

ing in Southern fields . . . the vast forests and productive mines of the South . . . the mild climate and fertile soil . . . its wealth of untapped natural resources . . . and the availability of efficient, dependable railroad transportation.

It's reflected by upward-moving population figures . . . by new industries . . . by national awareness that the Southland is indeed a "land of opportunity."

These things, together, mean for the South a "tomorrow" of prosperity and progress that will be as strong and enduring as Southern steel.

Look Ahead . . . Look South!

Ernest E. Harris
President



SOUTHERN RAILWAY SYSTEM

The Southern Serves the South



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federation have received a 30% increase in average base pay since January, 1941, raising the average monthly pay of the company's salaried employees from \$213 to \$282.

• **Most Significant**—Smack in the middle of the labor limelight, Leo F. Bolens of Pittsburgh (BW-Feb. 26 '44, p108), president of the National Federation of Salaried Unions of which the Westinghouse group is the biggest part, is running a strike which some observers say is the most significant since the C.I.O. crashed into the mass production field in 1936. If he can win, his victory may open up to unionism the biggest area of unorganized territory still remaining "open shop." in industry.

Labor Daily Folds

Unique union experiment provides a standby threat as strike ends and newspapers in St. Louis resume publication.

Newspaper publication tie-ups ended, St. Louis' three major daily papers, serving 1,000,000 readers in the metropolitan area, were coming off the presses again this week. Everyone—from corner newsboys to department store heads, from housewives to suddenly unemployed workers anxious for help-wanted advertisements—was glad of it.

• **Unique Experiment**—That included representatives of four unions who, as an Inter-Union Conciliation Committee, published a daily newspaper for one of the three weeks the big dailies were suspended. The committee's paper, the Daily News (BW-Sep. 8 '45, p86), died when its publishers went back to their regular jobs on the Post-Dispatch, Star-Times, and Globe Democrat.

The demise of the Daily News after one week ended an interesting experiment, and one not without a measure of success. While few—if any—dailies have been as short-lived, an equally small number were born with sell-out circulation of 100,000 on every day of publication, money-makers from the start.

• **Profit for Unions**—There was little doubt that the four sponsoring unions—the American Newspaper Guild (C.I.O.) and the International Typographical Union, Stereotypers Union, and Mailers' Union (all A.F.L.)—would divide a nice little sum from sale of advertising. Money thus received was earmarked for the unions' defense funds.

The Daily News publishers were glad to shut up shop for a number of reasons. They were working on a lunch and expense money basis; their offices were a parlor, bedroom, and bath apart-



Offspring of labor strife, the St. Louis Daily News had a successful but brief career. It sold like hotcakes—100,000 issues a day—but was only moderately well received by news-hungry readers because: It lacked the news facilities of the big dailies for which it was pinch-hitting; its four or eight page cost five cents as compared with the regular papers' price of three cents.

ment; most important, their paper, though greeted avidly by news-hungry readers, was not getting the news in print despite a cream-of-the-crop staff from the three major dailies. Main worry, of course, was national and international news. The Daily News relied on a Transradio ticker in a closet.

• **Standby Threat**—In closing, however, Daily News committeemen announced that the newspaper would be resurrected any time in the future that St. Louis newspaper publishers and any of the unions are unable to reach an agreement on labor matters.

In fact, the Daily News continued publication—and other papers continued suspended—for a full day after the dailies' publishers wound up a tie-up of carriers (BW-Aug. 25 '45, p106) by buying for something over \$2,000,000 the independently owned carrier routes involved. Issue of the carriers' strike was whether they should be regarded as employees or independent merchants.

In the future, with routes owned by the papers through a central corporation serving all three, the carriers will have a definite status as employees.

• **Pay Demand Granted**—The additional delay in resuming regular publication came when the I.T.U. refused to resume

The Davidson has cut the cost of our office performance tremendously"

says *H. Wells*

Office Manager, United Air Lines



WITH this equipment," continues Mr. Wells, "the time and cost of sending our materials to outside firms for reproduction has been materially reduced. We are delighted with the performance of the Davidson Dual Duplicator and feel that it has been a sound investment. Material reproduced on this machine is distributed throughout United's coast-to-coast system, and manuals which our pilots use are being converted to the Davidson process because of its easy legibility."

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Here, as in hundreds of other busy offices throughout the country, the Davidson Dual Duplicator is performing outstanding service—simplifying office operations by producing dozens or hundreds of copies of shop orders, shipping instructions, production orders, etc., with but a single

writing . . . reducing costs, saving time, improving efficiency. With it you can produce your own stationery, envelopes, bulletins, office forms, shipping tags, advertising literature in one or more colors, form letters, and dozens of other items. And, remember, The Davidson provides five different methods of low cost reproduction . . . from paper or metal direct offset plates (produce them yourself), photographic offset plates, type, electrotypes, and rubber plates. Only a Davidson can give you *all* this in *one* machine.

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● It's Mary Cullen's Cottage (a neat, white, colonial "home" adjoining The Journal building in downtown Portland) . . . headquarters for the Oregon Journal's Household Arts Service, source of Mary Cullen's daily column! Homemakers from all over the Oregon country cross its friendly doorstep all day long, all year-round to get firsthand advice on all phases of homemaking from Mary Cullen's staff of seven graduate home economists.



Many a Portland woman, finding herself in a household jam, has thanked her stars she could simply "phone Mary Cullen at The Journal!" An average of 560 do telephone Mary Cullen daily! These "dialers-in" receive the same swift, accurate service as those who visit the cottage in person, whether they call for a recipe or help in solving a "hurry-up" household problem.



Women from all over the Oregon Country write Mary Cullen . . . to the tune of over 250 letters a day. They want practical, usable information on child care, home decoration, sewing, cooking, etiquette, party planning, menus, budgets . . . on every phase of homemaking. And they get it just as fast as Uncle Sam can deliver the mail.



Typical of this Journal service are the thousand-and-one seasonal aids to home canning, preserving and freezing offered. General advice is published daily in Mary Cullen's column. Specific bulletins on tested recipes are handed out free at the Cottage or mailed on request. And trigger-quick are the answers to women who telephone after the jelly's on the stove and say "Now what do I do?"

No wonder The Journal is a household word in Portland homes! Mary Cullen's Household Arts Department helps make it so . . . this, plus all the other Journal services! Put them together and it adds up this way: The Journal is Portland's preferred newspaper . . . a mighty happy thing to remember when you're selecting an advertising medium in this important peacetime market. Portland women depend on what they see and read in this their favorite newspaper . . . news, features and advertising!

P.S. The Journal now offers advertisers the largest circulation in its history, both daily and Sunday.



work until an old dispute, pending since Dec. 31, 1944, was settled. With the back-to-publication drive on, that took just one day. The other unions were not on strike.

The publishers of the three dailies agreed, among other things, to pay salaries to all employees who were laid off during the carrier strike. That was the last stumbling block to resumption of the dailies.

The 21-day tie-up gave new support for those who argue that radio news coverage does not make up for suspension of daily papers. Just as in the New York newspaper strike in July, the enterprising Bureau of Advertising of the American Newspaper Publishers' Association hastened to check the public's reaction and announced that 89.8% of all who were polled answered "No" to a question on whether radio completely fills their need for news.

● **Retail Sales Dropped**—Cash registers in most businesses showed the effect of the advertising tie-up (estimates are that about \$750,000 in advertising went begging during the suspension of the three major dailies). Department stores and other sales figures drooped; so did patronage at hotels, night clubs, and other entertainment places. One business that flourished was a black market in out-of-town newspapers.

As far as the three dailies are concerned, publishers were covered to some extent against financial losses because of strikes by insurance policies which they describe as "intricate and complicated."

UNION ISSUE REVIVED

When the Army handed control of the Hughes Tool Co., Houston, back to company officials on Aug. 29 after 51 weeks of operation, the main union controversy, over enforcement of maintenance-of-membership clause, came right back to life.

The Army seized control to enforce a National War Labor Board directive for maintenance of membership and check-off. Hughes officials have announced that no checkoff will now be made other than voluntarily upon written order of workers.

The Independent Metal Workers Union, first to hold a union contract at Hughes, agreed to a checkoff for all unions where authorized by individual workers, and a checkoff was made for the United Steel Workers, C.I.O., then a minority union. Later when C.I.O. won a majority and bargaining rights, C.I.O. demanded that maintenance of membership be enforced with checkoff for its members only.

Both unions are squared off now, with C.I.O. claiming a majority and that no election is necessary.

THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

PT. 15, 1945



Behind the bold, sometimes bitter, maneuvering which will continue through the present Washington and London conferences, don't overlook the fundamental economic and political patterns which are almost certain to dictate the final agreements.

The Anglo-U. S. financial negotiations in Washington are likely to be difficult, and may continue much longer than originally expected, but the British can be expected to yield on the issue of giving up imperial preference and the sterling bloc.

Lord Keynes, principal negotiator for the British, is known to believe that successful operation of a tight Empire bloc has little chance for long-term success against competition from the U. S. and Russia.

Also, certain powerful financial and industrial interests in Britain have recently warned the government that they will back no such program.

Quick concessions by the British to Washington's plans for liberalized world trade are not, however, to be expected.

Though current rumors of sterling devaluation have deliberately been allowed to spread as a warning of what can happen if Britain is not helped to weather the next few difficult years, neither British industry nor the Labor government can afford to consider cheapening the British pound sterling now.

Industry wants large supplies of new machinery and raw materials, which would cost more if the pound were devalued now.

At the same time there is a ready market for anything Britain can spare for export now, without cheapening the pound to win markets.

And, with radical plans for industrial and financial reform, the Labor government is in no mood to cut the pound loose from the present pegged price of \$4.02½.

Gamble of the British delegation is to strengthen its bargaining position so that it can win from the U. S. government a loan of \$3 billion to \$6 billion at interest rates far below the 2¾% offered now.

Reported objective of the London negotiators is to secure a rate lower than 1% (page 117).

Since other nations which are at least as good a credit risk will expect the same rate as Britain, Washington is likely to settle at some level nearer 2%, possibly with concessions on early interest payments.

Typical maneuvers to strengthen London's position at the Washington conference table spread to three important areas recently:

(1) With new emergency trade agreements completed at Athens and Rome, Britain is rushing to rebuild its Mediterranean trade hegemony.

(2) Conclusion last week of an Anglo-Dutch monetary agreement along the same lines as the recent Anglo-Belgian deal completes a series of pacts covering all of western Europe except Norway, Portugal, and Spain. And deals with Oslo and Lisbon are pending.

(3) Growing cordiality toward de Gaulle and the French government's bid for partnership with Britain in setting up a loose economic confederation in western Europe—including the Rhineland and the Ruhr—is an obvious further hedge against accepting Washington's first terms.

London's Labor government may win unexpected support from Washington

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
SEPT. 15, 1945

in its drive to modernize British industry by whatever means may prove necessary.

Though little has yet been said openly, British negotiators may be shocked to hear some of the questions sure to be raised on the issue of security on loans to Britain.

Facts on the inefficiency in key industries—raised first by the British in their own surveys of such basic lines as textiles, coal, and steel—are far more widely known in the U. S. than before the war.

Before granting huge, long-term loans at unprecedentedly low interest rates, Washington creditors may ask for detailed plans for modernizing the industries which will maintain Britain as a prime credit risk (page 124).

While Washington has refused so far even to threaten a dollar bloc to counter British moves, the U. S. is quietly strengthening its own position.

Creation last week of a rubber policy committee, to be headed by William L. Batt, is designed partly to warn London that we will, if necessary, formulate our own rubber policy irrespective of British wishes and interests.

And Canada, in its present move to adopt a new flag and create separate Canadian citizenship, reflects a tendency which might threaten Empire preference from within (page 120).

While Moscow is eying the Anglo-U. S. negotiations closely, Russia is not expected to speed up its demands for a U. S. loan.

Actually, the U.S.S.R. is too busy checking and absorbing equipment from eastern Europe to have revamped the order list which will eventually be presented to Washington as an integral part of Moscow's request for a loan.

At the conference of foreign ministers which opened its discussions in London this week, Russian and U. S. interests are likely to be in competition.

Washington, with the full support of London, will demand that top billing on the conference agenda be given to the peace treaty with Italy.

Moscow, on the other hand, is expected to call for immediate action on questions involving eastern Europe.

Local interests are beginning to affect rehabilitation moves in Europe.

While the much-publicized arrest of Ruhr industrialists by the British Control Commission recently netted a few executives of Ruhr coal companies, **don't miss the fact that none of the big steel operators was included.**

This substantiates previous indications (BW—Sept. 8'45, p111) that British control authorities are modifying earlier plans for the drastic suppression of German industry, and that they may already be preparing to support an economic federation of western Europe, using the Ruhr-Saar heavy industries as the foundation.

Argentina is due for a continued diplomatic drubbing from Washington, culminating—probably—at the Rio de Janeiro conference of Pan-American foreign ministers in mid-October.

While the conference is called ostensibly to revamp the Chapultepec agreements to fit postwar needs, it is expected that Secretary of State James F. Byrnes will attend and will use the occasion to precipitate Pan-American action against Argentina, inaugurate a vigorous peacetime Pan-American program.

BUSINESS ABROAD

British Credit: Choice of Evils

Hope persists for satisfactory financial deal in Washington. Outright cash grant is held only means by which import deficit could be met, and restrictive trade practices abandoned.

LONDON—Although tension over the termination of lend-lease has eased and Washington reports reassure Britons of an interim plan to tide them over the next few months, many are afraid to hope that a mutually satisfactory solution for Britain's long-term difficulties can be reached during the current Anglo-American discussions in Washington.

• **How to Pay?**—The skepticism arises from a realistic appraisal of the British problem. Briefly it is this: how to pay for essential imports during the next three years when financial resources are depleted and export trade is being expanded from one-third the 1938 volume to a level 50% higher than prewar.

Imports during 1946, for example, are expected to total £1,400,000,000 (\$5,600,000,000). This is considered a minimum if Britain is to have essential foodstuffs and raw materials, and

needed industrial equipment. In 1938, imports were worth over £1,600,000,000 at present prices.

• **Deficit Foreseen**—Exports this year are running at £350,000,000 and if 1946 exports are 40% higher—the expected increase of 1945 over 1944—they should bring in about £500,000,000.

Invisible exports, including net income from overseas investments and net income from services, such as shipping, may be about £200,000,000. This would give Britain total receipts of £700,000,000 to pay for imports of £1,400,000,000, leaving a deficit of £700,000,000 for 1946.

If exports increase steadily through 1947-48 (British manufacturers report that they are swamped with orders), the annual deficit could be progressively reduced. But for the next three years it is regarded as unlikely that the gap in Britain's balance of international pay-

ments can be less than £1,250,000,000. This does not take account of any payment of sterling balances held by Britain's creditors, which now total £3,500,000,000.

• **Gold Will Help**—So far as trade with the United States goes, it is estimated that the deficit during the next year will be close to £300,000,000 and over the three-year period perhaps £600,000,000. To help finance this dollar deficit Britain has roughly £500,000,000 in gold and dollars.

A part of this must be turned over to other sterling countries and a part held to back the pound sterling. But Empire gold production will steadily add to current holdings and Britain might draw as much as £50,000,000 a year in dollar exchange from the International Monetary Fund.

• **Choice of Evils**—In broadest terms, there are two methods by which the over-all trade deficit and the sterling balances might be handled:

(1) A \$4,000,000,000 to \$6,000,000,000 credit from the U. S. which would permit Britain not only to close the annual gap in its payments over three years and repay a substantial part of the sterling balances, but also to eschew restrictive trade policies.

(2) A continuance of the sterling bloc (with further accumulation of sterling balances), bulk purchase agreements (with Commonwealth countries and nations such as Argentina and Den-



NEW UNDERGROUND TRICKS

Britain's future mine maintenance men learn the intricacies of a modern loader (above), and the technique of handling an American-made drill at the Mines Mechanization Training Center in Sheffield, as England prepares



to raise the efficiency of its mines. More than ever aware, since the war, of the obsolescence of its methods and equipment, England is now faced not only with raising its production standards to meet the rush of peacetime competition but with selling conservative and wary trade unions on the idea of utilizing better and faster equipment. Another major problem is that of private-ownership of mine properties. Unlike America's large mine holdings, most of England's are a maze of small holdings, which the Attlee regime seeks to nationalize in order to make large-scale and more profitable production feasible.

mark), and possibly barter trade agreements with Russia and most of continental Europe.

As viewed by most informed Britons, the choice is between two evils. To accept a commercial credit from the U. S. of \$5,000,000,000 or more would be to assume a debt which Britain might not be able to honor. It would mean staking everything on two possibilities: (1) that British industry is capable of a rapid and sustained increase in exports; and (2) that the U. S. can maintain high and steady employment and not exert a depressing influence on the world economy.

• **Debt Burdens**—Even if these two possibilities materialize, the burden of servicing such a debt would be extremely heavy. For example, a \$6,000,000,000 credit, at 3% for interest and sinking fund, would involve annual payments to the U. S. of \$180,000,000. This would be more than the total value, at present prices, of American imports from Britain in 1938.

On the other hand, it is recognized that continuation of the sterling bloc and related devices would: (1) split the world into two trading blocs and make Anglo-American economic cooperation impossible; (2) leave Britain short of certain essential supplies which, for several years, can only be obtained from the U. S.; (3) result in a lower volume of world trade.

• **Grant, or Else**—According to the Economist (London), Britain can only adhere to the system of freer trade and stable exchanges desired by the U. S. if, instead of a \$6,000,000,000 commercial credit, the U. S. extends that amount as a free grant. Failing this, Britain's leading economic journal argues, the Labor government must choose the sterling bloc alternative, however thorny the path of Anglo-American relations.

Leopold Amery, ex-Secretary of State for India and one of the high priests of British protectionism, has publicly suggested that once the brief transitional problem is solved Britain can safely rely on two things: (1) her vast and steady consumer's market for foodstuffs and raw materials; and (2) the pump-priming effect which sterling balances will have on British exports and inter-sterling area trade generally.

• **Loophole Found**—Others in London regard both these suggestions as counsels of despair and believe that if it were possible for Congress to extend a credit of perhaps \$5,000,000,000 on long term (99 years), either interest free or at a nominal rate say, 1%, it would then be possible for Britain to bridge the gap in its payments over the next three years, repay a part of the sterling balances and fund the rest,



TO EXPAND BRITAIN'S STEEL

Key figure in the \$500,000,000 program for modernizing Britain's steel industry (BW—Jul.28'45,p113) is Yorkshireman Ellis Hunter (above), deputy chairman and managing director of Dorman, Long & Co., who became president of British Iron & Steel Federation upon the death of Sir Allan Macdiarmid. Despite the threat of nationalization following the elections, the program is expected to go through—if Britain can scrape up the money to buy essential equipment—much of it from the U. S.

liquidate the sterling bloc system, and begin relaxation of imperial preferences and other trade restrictions.

It is recognized, of course, that for the U. S. to extend this type of financial aid to Britain and not to the other major United Nations might be regarded as discrimination. But several influential London papers have hinted at the possibility that this problem might be circumvented by tying the British credit to the more than \$4,000,000,000 which Britain spent in the United States on war goods before the "cash-and-carry" system came to an end and lend-lease began.

• **Compromise**—In some quarters this is regarded as a rather utopian solution and it is believed that credits on a much smaller scale are all that can be expected—perhaps a relatively small loan from the Export-Import Bank at 2½% and a special, long-term, low-interest credit of up to \$2,000,000,000,

on which interest payments would be deferred for the first five years.

Such an arrangement would not cover the British deficit during the next three years, nor permit Britain to discontinue bulk purchases or to abandon completely the sterling bloc system. It would mean that imports would have to be carefully restricted and exports expanded at the expense of home consumption, thus squeezing the British consumer from both sides.

However, a substantially larger sum of dollars than at present could be made available to sterling area countries for purchases in the U. S., and present British restrictions on imports of American goods probably could be somewhat relaxed.

• **Resources Vanish**—The fact is that Britain's international financial position has deteriorated since 1939 by roughly £5,000,000,000—sterling balances accounting for £3,500,000,000 and liquidation of overseas investments for the rest. This has occurred during the time British exports were cut to a minimum.

Informed observers in London, both American and British, believe that these losses can only be made good over a long period. In the meantime, Britain must balance its accounts by accepting huge credits or by retaining a restrictive trading system, or by a combination of both devices.

TRADE GROUP FORMED

Equipped with know-how acquired in the government's wartime economic services, a group of ex-agency men have set up the Middle East Co., an Ohio corporation, to promote trade between the United States and the 20-odd political fragments comprising the Middle East.

Chairman of the board will be James M. Landis, who will continue to serve as dean of the Harvard Law School. Landis, until a few months ago, was American Economic Director for the Middle East Supply Center (BW—Dec.4'43,p47), with rank of minister, in charge of all Foreign Economic Administration and State Dept. economic operations in the area.

Several of his wartime assistants will comprise the management of the new Middle East Co. which will have its head office in Cleveland. Dan T. Moore, president, was executive assistant to Landis in Cairo.

Middle East Co. is prepared to recommend sales policy on the basis of data compiled by U. S. agencies during the war, and to survey overseas markets for American products. The company will sell through resident agents responsible to a vice-president, H.

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Wardwell Howell, headquartered in Cairo.

In addition, the corporation will assist in the establishment of branch plants in an area which boasts cheap, easily trained labor, and "almost complete absence of taxes and restrictive legislation."

CANADA

Credit Planned

Canada will treat England and the sterling area as special case in working out financing of enlarged postwar exports.

OTTAWA—Great Britain and the sterling area will receive special treatment in the arrangement of Canada's postwar export credits. Other countries requiring Canadian products but unable to find enough exchange to pay for them will be handled under the Export Credits Insurance Act (BW-Aug. 4'45,p116).

• **Returning to Ottawa**—Lord Keynes, adviser to the British treasury, spent almost a week in Ottawa working with finance department officials before moving on to Washington, and is expected to return to Ottawa either during, or after, his sessions with U. S. financial experts. It has been emphasized that Keynes did not come to close deals for long-term financial arrangements but chiefly to settle end-of-the-war financing.

Finance Minister J. L. Ilsley's guarded statement in the House of Commons last week is the only word on the subject of the Keynes talks. After outlining action taken by the government to terminate mutual aid (Canadian form of lend-lease) on Sept. 2, while permitting continued shipment of civilian supplies subject to later settlement, he said most countries receiving mutual aid will require credits under the Export Credits Insurance Act.

• **Special Case**—Ilsley added: "The United Kingdom and the sterling area generally constitute a special case because of the magnitude and complexity of their trade and financial transactions with Canada. There will be a problem of some difficulty in working out satisfactory means of financing the deficit of the sterling area in its trade and other transactions with Canada during the period of the next few years when Britain is rebuilding and developing her export trade which has been

sacrificed almost entirely to war production in recent years.

"A similar problem will exist on a larger absolute scale between the U. S. and Britain and other parts of the sterling area."

The problem of meeting a deficit will not arise for a few months because on account of expenditures on Canadian forces abroad and cessation of war shipments, the sterling area will have enough funds to finance its buying in Canada.

• **Lend-Lease Principle**—While, as Ilsley stated, the Keynes talks dealt primarily with war-end problems the longer-range issues are also under study. Ottawa is not prepared to settle terms until it is clear how the U. S. is handling the problem.

Canada is prepared to provide Britain with a renewable, low-interest loan sufficient to cover deficits in British payments due to Canada through the transition period, however long that may be. It would in fact be a peacetime application of the lend-lease principle, a loan in name but a gift in fact. An outright gift as a peacetime proposition is not considered politically practicable.

• **One-Third in Loans**—The report of the Mutual Aid Board for the fiscal year, 1944-45, ended Mar. 31, tabled in Parliament last week showed Canada has furnished supplies to the Allies up to that time to the value of \$4,500,000—one-third of this as loans and two-thirds as an outright gift. The total includes \$2,700,000,000 to Britain prior to enactment of the Mutual Aid Act in 1943 out of which the British transferred considerable amounts to other Allies, and \$1,700,000,000 of mutual aid for two years (\$771,953,000 in 1943-44, and \$932,821,000 in 1944-45).

Last year Britain took \$719,235,000—77% of the total—and the rest went to Australia, the British West Indies, China, France, India, New Zealand and the Soviet Union.

• **Would Continue Powers**—The new Parliament which opened last week for probably three months of sessions was told that beyond settling these financial issues it would be asked to:

(1) Enact further measures to stimulate trade, presumably by enlarging credit facilities.

(2) Give the executive specified emergency powers during the transition period—to continue price, wage, and foreign exchange controls, for instance.

(3) Ratify the United Nations charter and the Bretton Woods agreement.

(4) Merge the wartime Dept. of Munitions & Supply with the transition-guiding Dept. of Reconstruction.

(5) Set up a committee to design a more distinctive Canadian flag.

Border Unrest

Veterans' seniority a key issue in Windsor discussions that preceded walkout of 10,000 from Ford of Canada plant.

WINDSOR—Conciliation proceedings in Canada's biggest pending strike broke down at midweek with the walkout of 10,000 members of the United Automobile Workers (C.I.O.) at the Ford Motor Co. of Canada plant in Windsor.

Sympathy Strikes Voted—Echoing the labor tumult in Detroit (page 94), 90.4% of the U.A.W. Ford workers had long since voted to strike, and sympathy strike votes were successful in most of the other U.A.W.-organized plants in the Windsor area, including employees of the Windsor-Detroit tunnel.

Negotiation of a new wage contract had been under way for months, and deadlocked issues had been referred several times to federal boards without a settlement. The union, during negotiations, had introduced questions of veteran seniority, higher pay for the shorter work-week, and layoff pay.

Crisis Follows Layoffs—The ultimate crisis followed the laying off last month of 1,300 workers, including 250 veterans, and a company indication that 1,650 more men were to be let go in September. In addition, the company indicated that in laying off veterans it would seek to retain men with overseas records and men who had lived in or near Windsor (Essex County) for at least a year before going to war.

National Selective Service rules provide that workers employed for three months or more prior to enlistment or drafting shall be rehired with seniority equal to prior employment plus time spent in military service. There is rising pressure to grant service seniority to all servicemen, whether or not they worked before the war, if they were local residents (on the presumption that they would have entered local shops if there had been no war).

Probationary Period?—In Windsor, the union's "model clause" would grant superseniority to veterans without previous experience in the plant only after they had served a fixed probationary period.

So far, Ottawa has avoided recognizing the pressure to improve the veterans position—engineered by the Canadian Legion—but the Windsor strike may compel attention to the issue and possible revision of the veterans re-employment rules in the National Selective Service Act.

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THE MARKETS

(FINANCE SECTION—PAGE 60)

The stock market has been flashing all sorts of contradictory signals for the last couple of weeks, but signals or no signals the averages keep bouncing upward. Clearly, the bulls have plenty of ginger left no matter how wobbly the technical situation may be.

• **A Strong Upsurge**—Just after the Labor Day week end, the market showed signs of indigestion, but toward the end of the week it started moving again—upward as usual. Last Monday, it backed and filled through most of the day, then slid off sharply in the last hour on rising volume, a traditional sign of weakness. On Tuesday, it opened soft, then scrambled up almost a point on brisk trading, plainly a bull signal. The next day, it followed through with one of the strongest upsurges in recent weeks.

A certain amount of indecision and contradictoriness probably is natural with the market at its present levels. The Standard & Poor's average of 50 industrials, which now stands around 155, is just getting within striking distance of the 1937 high of 181.5.

• **Secondary Reaction?**—The bulls, who have had things their way—on the whole—for three and a half years, are sure that the averages will crack through the 1937 levels to establish a new set of highs. But even the most optimistic buyers won't be surprised if they first have to ride out a secondary reaction.

The industrials already have gained about 15 points since their last shake-down (just after the Japanese surrender news). Another 26 points will be a lot to bite off without stopping for breath.

Much of the steam behind the present market comes from the expectation of prompt tax relief for corporations.

Hence, the news that the House Ways & Means Committee would start work on a tax bill within the next ten days was as good as money in the bank for the bulls.

Wall Street pretty obviously is counting on repeal of the excess-profits tax, effective next year. This not only would brighten the outlook for 1946 corporate incomes, but also would restore common stocks to their traditional role as the ideal hedge against inflation. Investors now can be fairly sure that there will be no tax-imposed ceiling on postwar corporate incomes that would keep common stocks from participating in an inflationary price rise.

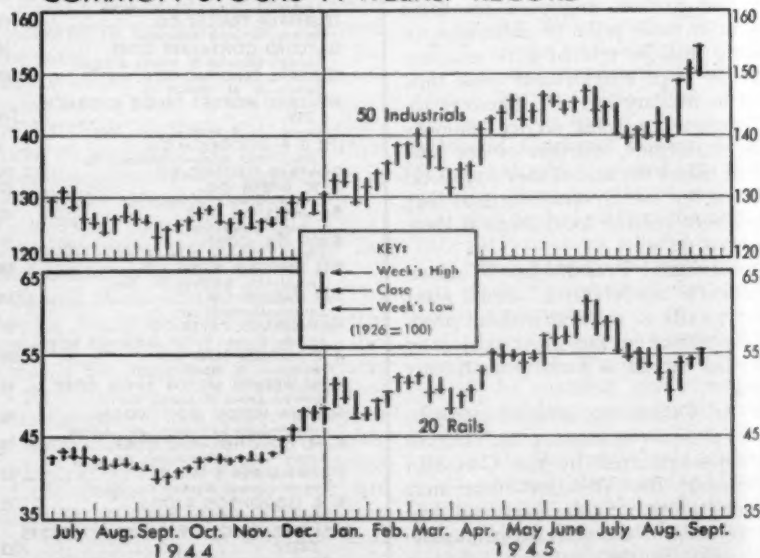
• **Carryback Is Important**—In the coming tax talk keep an eye on the carryback provisions of the present law which permit a corporation to apply an unused excess-profits tax credit to its income for the preceding two years. Some of the war baby companies are counting on collecting heavily under the carryback during the next two years. If the excess-profits tax is repealed and the carryback is lost in the shuffle, these companies may lose more than they gain.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ...	154.5	150.7	141.9	123.6
Railroad	55.6	54.3	52.7	39.9
Utility	72.4	71.3	70.1	54.6
Bonds				
Industrial ...	120.8	121.1	122.2	119.9
Railroad	114.2	114.2	114.2	106.8
Utility	115.4	115.5	115.5	116.4

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

THE TRADING POST

Outlook from Denver

As a contribution to its job of reporting the American regional outlook, Business Week passes on to its readers a thoughtful letter of appraisal from a correspondent in the Rocky Mountain area.

* * *

"So far, the feature of reconversion around Denver and its Rocky Mountain-high Plains area is that almost everyone is optimistic about the future, but that outsiders appear to be willing to bet more heavily on the region than some local enterprisers.

"The impact of war's ending was probably felt less here than in any similar section of the United States. Some of the states of this area have been almost devoid of war plants as such, and the compensation for failure to go along with a war boom is that you do not light so hard coming down. In five states covered by the regional War Relocation Commission offices in Denver—Colorado, Wyoming, Montana, Idaho, and Utah—about 70,000 persons have been employed in strictly war jobs. Perhaps half of them were let out during August. The other half are in activities that will close out more slowly, such as depots. Meanwhile, farms and ranches are hungry for help; the gold mining industry and its concomitants are opening up; the coal mines are still short of labor; and there are other eager demands for workers, though concededly at lower wages.

* * *

"An index is the statement of Colorado Fuel & Iron Co. that this company looks forward to employing about 10,000 more persons within a year. Bates Rubber Co., largest general manufacturer between Kansas City and the coast, employed about 2,500 before the war, built its labor force up to 4,500 by V-J Day, and, with a big new addition about ready, hopes and expects to be employing more than 7,000 a year from now.

"Much of the employment in the region is in mine, mill, and smelter supply plants, which do a worldwide business and have huge backlogs of orders from the gold and other mining industries. No present large decline is seen in the outlook for farming and ranching, and travel-starved Americans are expected to provide a 'terrific and continuing' tourist traffic for several years at least.

"Following the announcement by

Webb & Knapp of New York that a big new modern building would be built in Denver's 'Old Courthouse Square,' the same firm has acquired another site a block away, crowned by an old six-story building. On the same day, California interests bought another large local building.

"This activity is the climax of about two years' buying of business realty in Denver. It is region-wide. A local realtor who buys sites for chain stores, including office, wholesale, and retail establishments, says he has heavy orders to fill all over the western states.

"But Denver notes that most of these sites, both local and regional, are going to heavy spenders from outside the region, who are outbidding the local boys. There's plenty of money in Denver, but so far the New England, trust-estate psychology largely prevails. Outsiders are betting more heavily on our future than we are.

* * *

"As a political sidelight on the region, note that the 14 senators representing Montana, Colorado, Wyoming, North and South Dakota, Nebraska, and Kansas either voted or were paired in a solid bloc against the recent grant of power to the President to make further tariff cuts in connection with the reciprocal trade program. Murray of Montana, the extreme New Dealer, and such conservative Republicans as Millikin of Colorado and Wherry of Nebraska found themselves in the same bed this time.

"In thus interpreting the temper of business in their area, these 14 senators were well advised. 'Business' in this region means essentially small business by national standards, and it is largely composed of mine and farm operators, processors of raw materials, and those who serve them, as contrasted with manufacturers of finished goods.

"Bodies representing these interests, such as the mine operator groups, the National Woolgrowers Assn., and the American National Livestock Assn., were among the most vociferous opponents of the tariff-cutting powers. They have inherited a suspicion of eastern manufacturing interests dating back to the days when the latter fought for a higher tariff for themselves, and for no tariff at all on raw materials. So, speaking strictly from the standpoint of the next election, our senators were cannily heeding the winds of local business opinion when they voted for what critics call 'economic isolation.'"

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THE TREND

THE BEST SECURITY FOR A BRITISH LOAN

If the financial and trade discussions with representatives of Great Britain, now going forward in Washington, follow what has become the normal course of such enterprises, the whole business will quickly become shrouded in a fog of technicalities.

• If we keep one central fact in mind, it may help to guide us through the fog and point to a sensible solution of the problem at hand—which is how to get Great Britain out of the deep economic hole in which it finds itself. That fact is that, in many of its major lines of industrial activity, Great Britain is following antiquated and inefficient methods. Immediately prior to the war, production per man-hour of manufacturing industry in the United States was, on the average, about three times as great as that of the United Kingdom. There is no evidence that the ratio has changed much in favor of the United Kingdom since.

Britain's current financial position is, of course, much reduced because it bled itself white to carry on its and our war—a fact of which we should never lose sight. But basic to its weakness and contributing decisively to it is the fact of British industrial inefficiency. It is this fact which accounts in large part for the whole array of restrictionist arrangements which the British have developed and applied in recent years.

We sometimes talk as though there were an element of original sin in British businessmen which makes them hanker for such devices. They probably find that they do not have to work so hard if they can perfect a cartel and thus, in doing so, may be motivated by a fairly universal fondness for a free ride. But certainly a dominant driving force in creation of cartels, Empire tariff walls, and special tariff walls about the British Isles is that they have been backsliders in industrial efficiency and know they cannot survive in an open competitive field of the sort which was the ideal of their forefathers.

• So what? The first conclusion to be drawn from the central fact of Britain's industrial inefficiency is that, unless it is remedied, a bailing-out loan now will simply be the first of a long succession. It may be, of course, that if Britain, in exchange for financial help now, were to agree to cut down its trade restrictions and enter a multilateral trade system with the United States, the resulting competition would perk up its industry. There is no assurance, however, that without direct efforts to increase industrial efficiency Britain would or could survive long in a multilateral system of relatively free trade. Those British trade restrictions are there primarily to poultice British industrial inefficiency, and if they were removed without simultaneously doing something drastic to increase efficiency, there is reason to believe that

Britain would be forced to back out of the multilateral system or be in some kind of a financial crisis before long.

• It does not follow from this that financial aid should not be granted to Britain to tide it over its present financial crisis which is, in a very substantial measure, a result of its superlative war sacrifices. It does follow, however, that, of itself, the loan will offer no long-range solution of anything. Nor is there assurance of permanently constructive accomplishment in a loan made contingent upon Britain's commitment to partake more fully of our faith in freer trade—at least for Britons. To serve a constructive purpose in the long run, financial aid should be made contingent upon assurance that progress will be made in remedying that basic British economic weakness, industrial inefficiency. The importance of making such progress is underlined by the fact that to pay for imports Britain must, because of wartime liquidation of its foreign holdings, increase its exports 50% above prewar.

How that is to be done as a practical matter presents a real problem. There is no reason, however, to believe that it would not be possible, and proper, to make financial relief for Britain contingent on the making of arrangements to modernize industrially. Indeed, it can be argued that to do less would be improvident.

At any rate, some emphasis on Britain's industrial backwardness in the Washington conversations might serve as something of a counterirritant for avowed British worries about the dangers of joining a multilateral trade system with the United States. How can we be assured, say some revered British statesmen and publications, a little sanctimoniously, that the United States will remain a prosperous and buoyant partner in such an enterprise? How, our spokesmen at Washington might very properly counter—with true diplomatic gentility, to be sure—can we be given assurance that if we grant Britain the financial aid it surely needs now, it will mend the error of its industrial ways in slipping behind in efficiency, and get back on its feet?

• Do we hear someone shouting at this point, "What's the big idea? To build Great Britain up industrially so that it will be a tougher competitor in foreign markets than it already promises to be?" The answer is no, that is not the controlling idea. The controlling idea is to do what we properly can to make Britain an economically strong, independent, and prosperous neighbor. If there is any one truth that is unmistakably written in the records of economic history, it is that a prosperous neighbor, even if also a strong competitor, is a far more valuable economic and business resource than an economically feeble neighbor.

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